

2023-2024

McAllen Independent School District
Fixed Assets



FIXED ASSETS

Policies and Procedures

2023-2024

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FIXED ASSETS

Introduction

The Texas Education Agency –Financial Accountability System Resource Guide requires all school districts in the state to be accountable for Capital assets. Capital Assets are maintained in the Skyward Fixed Asset Module.

Definitions:

1. Capital assets: are considered tangible in nature, long-lived (have a useful life of longer than one year), of a significant value at purchase or acquisition time; and reasonably identified and controlled through a physical inventory system. Capital assets may include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, works of art and historical treasures, furniture and other equipment which are intended to be held or used over a long period of time. “Fixed” denotes probability or intent to continue use of an asset and does not indicate immobility of an asset.
2. High-Pilferage Items: are items <\$5,000 that are more susceptible to theft, regardless of cost. These items are recorded and tracked in TipWeb. These items are easily transportable, marketable, or diverted to personal use. They are generally technology items. See listing on section, “High Pilferage and Inventory Controlled Items”, page 6.
3. Surplus Property: shall be defined as any personal property that is in excess of the needs and that is not required for its foreseeable needs. Surplus property possesses some usefulness for the purpose for which it was intended and is classified as usable surplus or obsolete surplus.
4. Salvage Property: means any school property that through time has depleted its use, worn out, damaged, used, or consumed that it has no value for the purpose for which it was originally intended.
5. Scrap: defined as personal property that has been fragmented or destroyed through regular use or due to accident and is no longer usable. The procedures outlined below do not apply to consumable items such as paper, pens, desk accessories, etc.

Responsibility for Custody and Proper Use of Assets

One role of the Accounting Coordinator is to provide expertise in asset management and to facilitate accountability for district property. As such, the accuracy of the data within the Skyward Fixed Assets Module is dependent on the promptness and accuracy of the information reported to the Accounting Coordinator. It is the responsibility of the campus/department administrator to account for their fixed assets in accordance with approved Fixed Assets Procedures and Board Policy.

When receiving assets, the campus/department administrator should ensure that the item is: tagged with a McAllen Independent School District (MISD) bar-coded tag, properly described on the paperwork, reflects no visual evidence of damage, set up correctly to guard against unnecessary hazards, and safeguarded. The campus/department administrator is to report all discrepancies to the warehouse and Accounting Coordinator.

Responsibility for Custody and Proper Use of Assets (Continued)

The campus/department fixed assets' custodian for each site shall assure the proper use of capital assets and responds to periodic inventory verification. The custodian is also responsible for reporting transfers to other custodians and initiating the disposition process.

All asset purchases must follow the requisition process and be delivered at the Warehouse for tagging. Under special circumstances, the Warehouse may arrange for items to be delivered directly to the user site.

- **Land** recorded asset cost should include, in addition to the purchase price, such ancillary costs as legal and title fees, surveying fees, appraisal and negotiation fees, damage payments, site preparation costs (clearing, filling, and leveling) and demolition of unwanted structures.
- **Land improvements** consist of betterments, other than buildings, which prepare land for its intended use. Examples include site improvements such as excavation, fill grading and utility installation; removal, relocation or reconstruction of property of others, such as railroads and telephone and power lines, retaining walls, parking lots, fencing and landscaping.
- **Costs of building and improvements** include purchase price, contract price, professional fees of architects, attorneys, appraisers, financial advisors, etc.; damage claims; cost of fixtures attached to a building or other structure; construction insurance premiums, interest, and related costs incurred during the period of construction; and any other expenditures necessary to put a building or structure into its intended state of operation.
- **Construction work in progress represents** a temporary capitalization of labor, materials, equipment, and overhead costs of a construction project. Upon completion such costs should be cleared or moved by transfer of the capitalized costs to one or more of the other classes of assets.
- **Furniture and equipment** should include the total purchase price, before any trade-in allowance, and minus any discounts. Other costs which should be capitalized as equipment include transportation charges, installation costs, taxes or any other expenditure required to place the asset in its intended state of operation.
- **Infrastructure assets** are defined as long lived capital assets that are normally stationary in nature, and which can normally be maintained for a significantly greater number of years than most capital assets. Infrastructure assets include:
 - Roads
 - Water/sewer systems
 - Dams
 - Bridges
 - Tunnels
 - Lighting systems
 - Drainage Systems

Note: Parking lots and lighting systems may be defined by the district as part of the associated building, rather than as infrastructure. Wiring for networks in buildings is not defined as infrastructure. Additionally, activities involving the Telecommunications

Responsibility for Custody and Proper Use of Assets (Continued)

Infrastructure Fund also do not meet the definition of infrastructure.

- **Works of art, historical treasures, and similar assets** are capital assets according to GASB whether they are held individually or in collections if they meet all of the following conditions in accordance with paragraph 27 of GASB 34 as follows:
 - Held for public exhibition, education, or research in furtherance of public service, rather than financial gain
 - Protected, kept unencumbered, cared for and preserved
 - Subject to an organization policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Monuments are capital assets that may qualify as works of art, historical treasures, or similar assets if they meet the requirements above.

Depreciation is not required for those capitalized collections or individual items that are considered to be inexhaustible. Inexhaustible collections of individual works of art or historical treasures are those with extraordinary long useful lives. Because of their cultural, aesthetic, or historical value, the holder of the asset applies efforts to protect and preserve the asset in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

Acquisition of Assets

The unit cost of the item purchased will determine the assets category and subsequent coding to be used. See chart on asset codes below.

Object Codes for Assets (66xx accounts)	
Object Code	Description
6619	Land Purchase and/or Improvements and Fees
6629	Building Purchase, Construction and/or Improvements and Fees
6631	Vehicles Per Unit Cost \$5,000 or More
6639	All Furniture and Equipment Per Unit Cost of \$5,000 or More

The Accounting Coordinator and Purchasing Department will review all requisitions in the workflow module with object codes for capital outlay (66**).

All capital assets acquired in some manner other than gift are recorded at the cost to the school district to place the asset in service. Capital assets arising from gifts or donations are recorded at their estimated fair market value at the time of receipt. The determination as to whether an expenditure from governmental funds should be classified as an operating expense or recorded in the capital asset account is often difficult. If the unit equipment and/or furniture is \$5,000 or more and the useful life criteria is estimated at more than one year, the purchase is considered an expenditure for general capital assets, regardless of whether it is a replacement item or purchase of **additional** equipment. Furthermore, if the nature and/or quantity of the item(s) allows economical control and if the one-year useful life criteria are met, even though the unit cost may be less than

Acquisition of Assets (Continued)

\$5,000, the expenditure may be recorded under expenditure code 6649 or 6641. Purchase of items not meeting the controllability or useful life criteria are properly charged to current operating expense as supplies and materials.

High Pilferage Items

In addition to recording and tracking fixed assets, the following items are also recorded, tracked, and delivered to the warehouse for proper tagging:

- Note that the majority are technology related and it no longer includes **ANY** item between \$500 and \$4,999.99
- Items have a multiyear useful life
- Technology items less than \$5,000 (***generally items that connect to the MISD Network***)
- Prior to making Technology purchases, consider the following:
 - Reviewed/Approved by DOT
 - Compatibility with current programs/equipment
 - Data drop costs
 - Installation time/costs

High Pilferage Technology Items < \$5,000.00 (generally items that connect to the MISD network) MUST be tagged		Other Technology Items NOT to be tagged	
Item (Use Object Code: 6398)		Item	
<ul style="list-style-type: none"> • Drones • Virtual Reality Equipment • Interactive Whiteboards • Gaming Consoles • Portable PA Systems • Audio Visual Equipment • Projectors • Computers (CPU, Laptops, Servers) • Mobile Devices (iPads, Chromebooks, Mobile Phones, Android, Apple) • Television • Stream Media Players • Streaming/Casting Devices (Firesticks, Roku, Apple TV, Airtime) • All Computer Monitors • TimeClock • Server • Access Point • Switch 	<ul style="list-style-type: none"> • Docking Stations/ Port Replicators • Document Cameras • Web Cams • Cameras • Scanners (Document, Barcode) • Headsets (only > \$150) * • 2-way Radios (only > \$500)* • Projector Screen • Clickshare • Microphones • Amplifiers • HotSpots • Robots • Printer • Cricut 	<ul style="list-style-type: none"> • Speakers & Soundbars • Stylus • USB's • Keyboards • Power Adapters • Cables • Cases/Sleeve • Straps • Tripods • Toner • Wireless Earbuds • Remotes • Ethernet Cables • Surge Protectors • Charging Tower • Charging Cart • UPS 	<ul style="list-style-type: none"> • Software • eBooks • Data Drops • Technology Services

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Please use the list above as guidance, if you have further questions contact your assigned Purchasing Clerk or Carina Ortega, Technology Finance and Operations Specialist (ext. 8928).

Annual Assets Inventory

A fixed asset inventory shall be performed at each campus/department every year and a high pilferage inventory shall be conducted every 2 years. This inventory shall be reported to the principal/department administrator and internal audit. The campus/department administrator shall appoint a fixed assets custodian. The fixed assets custodian shall be responsible for keeping a strict account of all the fixed assets and inventory items at their location.

Campus/department administrators will be contacted via email with a schedule of their Fixed Assets inventory and will be required to mark if they still have custody of the item, if it was disposed of, if transferred to another department, sign/date and return to the Accounting Coordinator. There is also space to write notes regarding the asset, such as it is in process of being disposed, or picked up by the warehouse for disposal. Administrators should announce the inventory and ensure that access is made available. The appointed fixed assets custodian shall conduct the inventory. The results of the physical inventory will be provided for review. All items not located should be addressed within ten (10) business days.

1. The following recommendations will facilitate the tracking of fixed assets:
 - a. Encourage staff to perform an inventory of their capital outlay items at the beginning of school year and after Christmas break
 - b. Submit any room changes by preparing and submitting a Fixed Assets Add/Disposal/Transfer Form for updating
 - c. Hold quarterly meetings with head of departments
 - d. Schedule random spot checks and
 - e. Contact the Accounting Coordinator for assistance.
2. The following is the process for research/verification of inventory
 - a. research items not located during the physical inventory
 - the location shall be updated and initialed
 - provide documentation (disposition or transfer forms)
 - Should no documentation exist, and the items are fully depreciated, approval to delete items from inventory will be submitted to the Accounting Coordinator. Upon approval, those items will be removed
 - b. Report findings to the Accounting Coordinator for correction
 - c. Accounting Coordinator will post changes
 - d. Final results will be reviewed with the administrator. The corresponding verification form will be signed and submitted by the Accounting Coordinator once completed and all items not located have been cleared
3. The following is the process for items not located
 - a. Research item(s)
 - b. Should the item be fully depreciated, it will be presented to the Accounting Coordinator for approval to remove from the inventory
 - c. Inventory Verification Form and results will be finalized
 - d. results will be presented to the Principal/Administrator and Internal Audit

R Processes for Add/Transfer/Disposal

McAllen ISD employees are to be sound custodians of the resources entrusted to them to fulfill their job duties. This includes reporting when items have been added, transferred, and disposed from their custody. The addition, transfer, and disposal process help McAllen ISD keep track of these resources, and the full completion of the disposal form is a critical part of the disposal process.

1. The following is the process to dispose MISD material/inventory/property:

- a. Disposals are conducted as needed. The applicable campus principal/central office administrator must evaluate the material/inventory/property and verify that it cannot be used or consumed by the district in any manner.
- b. If the item is in TipWeb, the requester must transfer/dispose of the items in the TipWeb system. TipWeb will generate its own transfer/disposal report with the items Fund Code Source. The Principal/Director must sign the form in any available space.
 - **NOTE:** Disposal of high pilferage items do not require approval from Director of Purchasing Services.
- c. For items not in Tipweb, the District's Add/Transfer/Disposal form must be filled out. If you have more than 7 items, the downloadable excel sheet can be filled out and attached to the disposal form.
- d. If the fund number cannot be determined, the fund number on the form should remain blank.
- e. All disposal forms should have a signature from the applicable Principal/Director. In addition, if the item is considered a fixed asset, the form must be signed by the Coordinator of Accounting (Vanessa.Arrezola@mcallenisd.org). A fixed asset is typically an item with a value of \$5,000 or greater.
- f. Once forms are completed and have applicable signatures, a KACE ticket can be submitted to the Warehouse.
- g. Select "KACE-DOT Disposal" and attach transfer/disposal forms. The KACE ticket should be very detailed about where things are located.
- h. The KACE ticket will be routed to Eloisa Gloria to confirm that those without a fund number did not pertain to State and Federal programs. If there is an item that pertains to State and Federal Programs and wasn't marked as such, she will change the KACE ticket to "need more info" and insert a comment indicating the change needed. This will allow the individual to make any changes needed.
- i. Any items where a fund number was not able to be determined will be applied to Fund 199.
- j. If there are multiple funds on the disposal form/tip web form, the items must be physically separated by fund number before they are picked up by the warehouse.
- k. Copies of the form must be made so it can be placed with each pile of equipment. In case there are changes requested by Eloisa, the most updated copies should be printed.
- l. The requester can either highlight the items on the form that pertain to the pile or write a note on the top of the form if there are too many to highlight.

Processes for Add/Transfer/Disposal (Continued)

- m. Warehouse will pick up the items, and they will keep them in the piles by fund number
- n. The items will be deleted from the Fixed Assets Ledger once the equipment has been sent out for auction.

2. The following is the process for disposal of District Vehicle

- a. The Transportation Department must conduct an evaluation of the vehicle.
- b. Inspection to include but not limited to the maintenance history of the vehicle.
- c. A visual inspection, to cover, external, internal of the vehicle.
- d. Motor and transmission are to be checked for wear and tear.
- e. The mileage is to be considered.
- f. Transportation is to determine if the vehicle can be used by another department pending the outcome of their inspection.
- g. If Transportation determines that the vehicle is still in good condition, or worth repairing. Then the vehicle will be handed over to Warehouse. The Warehouse Supervisor will then share the vehicle information with the district.
- h. If a campus or department is found to have use for the vehicle, then the Warehouse Supervisor will transfer the vehicle to that department.
- i. If Transportation determines the vehicle unrepairable, or repairs go beyond the value of the vehicle, then they are to fill out the disposal form for the department.
- j. A Transportation Mechanic is to fill out the "Determination by Transportation" section of the disposal form.
- k. The disposal form is to then be signed by the Transportation Director & Coordinator for Accounting.
- l. The Department will submit a work order using the KACE Management System.
- m. The Disposal form is to be attached to the work order.
- n. Once the work order has been submitted and received by the Warehouse Supervisor, the process to auction off the vehicles commences.
- o. The Warehouse Supervisor requests the vehicle title from Transportation.
- p. The Application for Title Form 130 U is filled out
- q. A Texas Motor Vehicle Transfer Notification Form (Form VTR-346) is filled out by the Warehouse Supervisor.
- r. Both forms and vehicle title are then sent to the District's Assistant Superintendent for Business Operations for signature.
- s. Once the forms and title are signed the license plates shall be removed, destroyed and the auctioneer company notified.
- t. Auctioneer Company then at THEIR EXPENSE tows the vehicles to their holding place.
- u. Once the vehicle has been sent to auction then the vehicle will be removed from the districts fixed asset ledger. The Warehouse Supervisor will submit vehicle information to Director of Benefits to have the insurance coverage removed/canceled.

Processes for Add/Transfer/Disposal (Continued)

- 3. The following is the process for Transferring Equipment to Another Location:**
 - a. Use Section B of the Add/Transfer/Disposal Form to transfer furniture or equipment from one site to another.
 - b. This form is used in conjunction with a Moving Crew Request (Work order through KACE System) if the equipment is to be re-located by the Moving Crew.
 - c. Must be completed and submitted to Warehouse Supervisor for all transfers of furniture and equipment, especially equipment in the fixed assets inventory so that appropriate changes can be done to fixed assets records.
 - d. The campus principal or department head where the furniture or equipment is originating from, signs in the Approved by space.
 - e. The campus principal or department head where the furniture or equipment is being delivered to, signs in the Equipment Accepted by space.
 - f. Transfers of furniture or equipment from one site to another do not require the signature of the Chief Financial Officer.

- 6. The following is the process for Additions or Removal of items on Fixed Assets Inventory Records:**
 - a. Use the Add/Transfer/Disposal for items that are physically located at your site, meet the fixed assets criteria, but are not in your Fixed Assets Inventory listing. This may occur because they were donated or purchased with activity funds and there was no purchase order.
 - b. Removal from Inventory Records: use the Add/Transfer/Disposal to remove items from your Fixed Assets listing.
 - c. Enter the reason items are no longer physically at your site. If the items were stolen, include the McAllen ISD Police Department case number.

- 7. The following are general instructions for completing add/transfer/disposal forms:**
 - a. Enter the Campus or Department name.
 - b. The site code of your site.
 - c. Room number where the items are located. Enter a description if more appropriate, such as “cafeteria”, “gym”, etc.
 - d. Check whether or not the property was purchased with federal funds.
 - e. Date in which the form is being submitted.
 - f. Enter the work order number that was generated when you processed a Moving Crew Work Request.
 - g. Enter the item number if the item is in the Fixed Assets inventory. This number will be on the McAllen ISD barcode. Some older items have a metal tag or are marked with a permanent marker with either the item number or an AV number. Indicate if it is an AV number.
 - h. Enter an item description.
 - i. Enter a quantity if items do not have any kind of identifying numbers. This would be for items such as furniture, student chairs, folding tables etc. Items that have

Processes for Add/Transfer/Disposal (Continued)

an identifying number such as a serial number are to be entered individually, one entry per line.

- j. Make, if the item is a vehicle.
- k. Model number if it has one, or model name such as Canon, Dell, Gateway, etc.
- l. Serial number if there is one.
- m. Reason for Disposal. Enter an explanation as to why the items need to be disposed of. *All items being disposed of will need an explanation.*
- n. Enter reasons such as, items are obsolete, broken and unserviceable, items to not meet code (such as safety codes, city codes, etc.)
- o. Make sure to indicate on the form if disposing of property. When approved, the property is transferred to Warehouse/Fixed Assets. They in-turn will dispose of the property.
- p. In the "Initiated by" space, enter the name of the person that is initiating the request for disposal. This may be a teacher, coach or supervisor as in the services departments, i.e., Food Service, Plant Operations, etc. In the "Approved by" space, the Campus Principal must sign if the site is a school.
- q. For Central Office departments, the department head must approve. The form must be submitted with work order issued using the KACE System.
- r. Once all parties have approved, the form and the equipment has been picked up, the Warehouse Supervisor will sign the form in the "Equipment Accepted by" space and a copy forwarded to the originating site.

The district uses the following acceptable methods for disposals:

- Public Auction
- Sale by solicitation
- Negotiated sale to state agency or local government
- Trade-in on new equipment purchase
- Scrap metal sold by weight

The district uses Public Auction and Scrap Metal Sold by Weight to dispose of school district property. Fixed Assets/Warehouse Services (Central Warehouse) will remove disposable property once the appropriate individuals have followed procedures outlined in this section. If the property has residual value, it will be taken to an auctioneer's site. Auctions are held at least once a month. Property with no residual value other than metal remnants will be taken to a scrap metal yard and sold by the pound. Designated staff will be notified by e-mail of future auctions at least one week in advance. Responsibility for verifying final disposal by the auctioneer lies with the Central Office Administrator or Campus Principal from where the material originated.

Participation of MISD employee in Auctions

McAllen Independent School District (MISD) is committed to the highest level of integrity. MISD employees shall avoid participating in any auction that contains McAllen ISD property.

Donation of Assets and How to Capitalize Them

McAllen ISD Board Policy CDC (LOCAL) states, "The Board delegates to the Superintendent the authority to accept unsolicited gifts on behalf of the district. However, any gift that the potential donor has expressly made conditional upon the district's use for a specified purpose, or any gift of real property, shall require Board approval. Once accepted a gift shall become the sole property of the district."

The district shall not accept any gift that would violate or conflict with policies of or actions by the Board or with Federal or State law. Before the Superintendent accepts a gift or recommends acceptance of a gift to the Board, as applicable, the Superintendent shall consider whether the gift:

- Has a purpose consistent with the district's educational philosophy, goals, and objectives;
- Places any restrictions on a campus or District program;
- Would support a program that the Board may be unable or unwilling to continue when the donation of funds is exhausted;
- Would result in ancillary or ongoing costs for the District;
- Requires employment of additional personnel;
- Requires or implies the endorsement of a specific business or product [see GKB for advertising opportunities];
- Would result in inequitable funding, equipment, or resources among District schools or programs [Title IX];
- Obligates the District or a campus to engage in specific actions
- Affects the physical structure of a building or would require extensive maintenance on the part of the district

When an entity or organization wishes to donate equipment to your campus, communicate this with appropriate documentation, to the Superintendent. Upon approval of the donation, complete an **ADD/TRANSFER/DISPOSAL FORM** and submit to the Warehouse Supervisor. Donated fixed assets will be recorded at their fair market value at the time of receipt.

The following is the process for declaring Donated equipment for capitalization

- a. Communicate information to Superintendent using "Donation Form"
- b. Fixed Assets will apply the fair market value to the asset
- c. Item will be added as an asset

Sales Resulting from Disposals of Equipment

All sales of non-federally funded items shall be handled by receipt of check, and all proceeds shall be deposited to the district's general fund with the giving and receiving or receipts, therefore.

Federally Funded Property Disposal: Items obtained with federal funds shall be handled in accordance with applicable federal regulations, if any. All sales of federally funded items shall be handled by receipt of check, and all proceeds shall be deposited to the district's fund with which the item was originally purchased. Disposal of items purchased with federal and other grant funds must have proper approval of the Texas Education Agency (TEA).

Burglary/Vandalism/Loss Report Procedures

1. Burglaries, vandalism or break-ins must be reported to the MISD Police Department (PD) as soon as they are discovered.
2. It shall be the responsibility of the principal or their designee to deal with all instances of burglaries (break-ins), vandalism and theft.
3. The principal or their designee shall contact the MISD PD at 632-8768 and file a police report.
4. The person filing the report shall obtain a case number and report the losses on an Add/Transfer/Disposal Form to Fixed Assets/Warehouse Services (Central Warehouse)
5. Instructions for filling out the form are found in the section titled District Property Disposal.
6. Once the property has been identified, the McAllen ISD Police Department will enter it into a criminal database system.
7. If the items are identified as stolen by other law enforcement agencies, the equipment may be recovered and the individual(s) responsible for the burglary may be apprehended and charges filed.
8. Identifying stolen property on the Add/Transfer/Disposal Form is very important particularly for equipment with serial numbers such as, computers, printers, etc.

Procedure for Requesting Replacement of Stolen/Damaged Items

1. The original funding source will determine how an item is to be replaced, i.e., local funds or federal funds.
2. Items that are discovered missing as a result of an inventory audit will need to be replaced using your campus/departments funds.
3. Request the replacement information such as model number, vendor, prices, bid name and number, etc., from the appropriate department, i.e., AV Services, Information Systems, Purchasing Services, Fine Arts, etc.
4. Forward a memorandum or e-mail to the Coordinator of Warehouse Supervisor requesting replacement of stolen or damaged equipment. In addition, forward a completed McAllen Independent School District Purchase Requisition Form. Indicate on the requisition form the bid number or quote number and vendor name

Procedure for Requesting Replacement of Stolen/Damaged Items (Continued)

from which the purchase will be made. If there is no current bid or quote, contact Purchasing Services for guidance in obtaining method of procurement. Include the case number in your communication.

5. Forward completed requisition form without account number to the Warehouse Supervisor.
6. If approval to replace items is granted, this office will process on-line purchase orders, and copies forwarded to your campus/department.
7. Once the equipment is received at the Central Warehouse, it will be bar-coded if necessary and delivered to your campus/department along with daily warehouse deliveries.

Employees' Personal Property

The district is not responsible for the loss or damage of employees' personal items brought on district property. The district is not responsible to box/pack, move or relocate employees' personal items brought on the district.

Land, Buildings and Construction in Progress

Land: is the surface or crust of the earth, which can be used to support structures, and may be used to grow crops, grass, shrubs, and trees. Land is characterized as having an unlimited life (indefinite). The following pertains to Land:

1. Land improvements consist of site preparation and site improvements (other than buildings) that ready land for its intended use. The costs associated with improvements to land are added to the cost of the land
2. **Object Code: 6619** – Land Purchase and Improvement. This code is used to classify expenditures for the purchase of land, land improvements other than
3. buildings and any associated fees. This includes any other costs necessary to alter the land for its intended purpose. Any local option codes that are used at the local option are to be converted to account 6619 for PEIMS reporting.
4. Examples of Expenditures to be Capitalized as Land and Land Improvements – Object code 6619:
 - Purchase price or fair market value at time of gift.
 - Commissions
 - Professional fees (title searches, architect, legal, engineering, appraisal, surveying, environmental assessments, etc.)
 - Land excavation, fill, grading, and drainage
 - Demolition of existing buildings and improvements (less salvage)
 - Removal, relocation, or reconstruction of property of others (railroad, telephone and power lines).
 - Interest on mortgages accrued at date of purchase.
 - Accrued and unpaid taxes at date of purchase.
 - Other costs incurred in acquiring the land.
 - Water wells (includes initial cost for drilling, the pump and its casing).
 - Right of Way.

Land, Buildings and Construction in Progress (Continued)

- Fencing and gates
- Landscaping
- Parking lots/driveways/parking barriers
- Outside sprinkler systems
- Recreation areas and athletic fields (including bleachers)
- Golf courses
- Paths and trails
- Septic systems
- Stadiums
- Swimming pools, tennis courts, basketball courts
- Fountains
- Plazas and pavilions
- Retaining wall

Building: is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. Building improvements are capital events that materially extend the useful life of a building or increase its value, or both. A building improvement should be capitalized if the improvement is at the capitalization threshold.

The following pertains to building and building improvements:

- **Object Code 6629** – Building Purchase, Construction or Improvements - This code is used to classify expenditures to purchase buildings or for materials, labor, etc., to construct new buildings. This account also includes expenditures for substantial alteration or remodeling of existing buildings that materially increase building life and/or usefulness. All associated fees are included in this account. Any local option codes that are used at the local option are to be converted to account 6629 for PEIMS (Public Education Information Management System).
- Examples of Expenditures to be Capitalized as Buildings – Object Code 6629:
 - Original purchase price
 - Expenses for remodeling, reconditioning or altering a purchased building to make it ready to use for the purpose for which it was acquired
 - Environmental compliance (i.e., asbestos abatement)
 - Professional fees, (legal, architect, inspections, title searches, etc.)
 - Payment of unpaid or accrued taxes on the building to date of purchase
 - Cancellation or buyout of existing leases
 - Other costs required to place or render the asset into operation.
- Examples of Expenditures to be Capitalized as Improvements to Buildings Object Code 6629:
 - Conversion of attics, basements, etc., to usable office, clinic, research or classroom space
 - Structures **attached** to the building such as covered patios, sunrooms, garages, carports, enclosed stairwells, etc.
 - Installation or upgrade of heating and cooling systems, including ceiling fans

Land, Buildings and Construction in Progress (Continued)

- and attic vents
- Original installation/upgrade of wall or ceiling covering such as carpeting, tiles, paneling, or parquet
- Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing
- Installation or upgrade of window or door frame, upgrading of windows or doors, built-in closet and cabinets
- Interior renovation associated with casings, baseboards, light fixtures, ceiling trim, etc.
- Exterior renovation such as installation or replacement of siding, roofing, masonry, etc.
- Installation or upgrade of plumbing and electrical wiring
- Installation or upgrade of phone or closed-circuit television systems, networks, fiber optic cable, wiring required in the installation of equipment (that will remain in the building)
- Other costs associated with the above improvements

Maintenance Costs Vs Additions and Betterments

Maintenance costs: are those outlays which are necessary to keep an asset in its *intended operating condition*, but which do not materially increase the value or physical properties of the assets. Maintenance costs should be charged to appropriate expenditure accounts and not capitalized as capital assets.

An **addition** refers to a physical extension of some existing asset or the acquisition of an entirely new asset which does not merely replace one of similar function and value.

A **betterment** exists when a part of an existing asset is replaced by another, and the replacement provides a *significant increase* in the life or value of the property.

Additions and betterments to capital assets should be capitalized at cost when construction or installation is completed.

Object Code 6319 – Supplies for Maintenance and/or Operations - This code is used to classify expenditures/expenses for supplies and materials necessary for maintenance and/or operations. Expenditures/expenses in this account include, but are not limited to:

- Janitorial or custodian supplies
- Building maintenance supplies for minor repairs and upkeep by maintenance staff
- Supplies for upkeep of furniture and equipment
- Any local option codes that are used at the local option are to be converted to account 6319 for PEIMS reporting.

Examples of Building Maintenance Expenses (*Not Capitalized*) – Object Code 6319:

- Adding, removing and/or moving walls relating to renovation projects renovation projects that are not major rehabilitation projects and do not increase the value of the building.

Maintenance Costs Vs Additions and Betterments (continued)

- Improvement projects of minimal or no added life expectancy and/or value to the building.
- Plumbing or electrical repairs.
- Cleaning, pest extermination or other periodic maintenance.
- Interior decoration (i.e., detachable awnings, uncovered porches, decorative fences, etc.).
- Maintenance-type interior renovation (i.e., repainting, touch-up plastering, sink and fixture refinishing, replacement of carpet, tile or panel sections, etc.).
- Maintenance-type exterior renovation (i.e., repainting, replacement of deteriorated siding, roof, masonry sections, etc.).
- Replacement of a part or component of a building with a new part of the same type and performance capabilities (i.e., replacement of an old boiler with a new one of the same type and performance capabilities, etc.).
- Any other maintenance-related expenditure that does not increase the value of the building.

Object Code 6249 – Contracted Maintenance and Repairs - This includes expenditures/expenses for normal contracted upkeep, repairs, maintenance, and renovation of:

- Office equipment
- Furniture
- Computers
- District-owned telephone systems.
- Facsimile machines
- Software upgrades
- Maintenance agreement fees
- Other equipment when the repairs are provided by an outside individual or firm
- Buildings and grounds
- For buildings and grounds, this includes expenditures/expenses for normal upkeep of buildings and grounds. This includes contracted costs of maintenance for buildings including heating, ventilation, air conditioning, and any related maintenance agreements.
- Services may be provided on an on-call basis or within the terms of a maintenance agreement.
- Any local option codes that are used at the local option are to be converted to account 6249 for PEIMS reporting.

Construction in Progress

Construction in Progress are assets that are capitalized to the appropriate capital asset categories at the earliest occurrence of:

- Substantial completion contract documents are executed,
- occupancy, or
- When the asset is placed into service.

Link to Fixed Asset Forms

Please see all forms for fixed asset additions, transfers, disposals, including vehicle transfers and registration at the following link:

<https://www.mcallenisd.org/browse/147229>
<https://kbox1200.mcallenisd.net/userui/welcome.php>

Note If you request an item to be tagged with the MISD tag and it is not listed below, such as musical instruments, please contact the warehouse for tags to be sent to you. If you request more than 10 tags, the warehouse team will come to your location for tagging of the items.

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KACE Workorder Steps:

- Login to: <https://kace.mcallenisd.net/>
- Select Service Desk > New > New Ticket from Queue > KACE
Warehouse Service Desk
- Summary: Enter "Disposal of Technology Equipment"
- Category: Select Disposal
- TipWeb Transfer Ticket #:
 - Enter TipWeb Transfer number if items being disposed is tagged and in TipWeb.
 - Enter "N/A" if items being disposed are not found in TipWeb.
- Campus/Location: Select your campus
- Comment:
 - Provide a brief description of what you are disposing. (ex. Disposing iPads)
 - Include specific location of the equipment. (ex. Library closet)
- Attachment:
 - Attach a signed TipWeb Transfer Ticket – if items are on TipWeb; or
 - Attach a signed Asset Add/Transfer/Disposal form, in PDF format – if items are NOT in TipWeb.

TipWeb Transfer Steps:

1. Login to: <https://www.tipwebmcallenisd.com/TipWebIT/Home.aspx>
2. Switch to site: select your campus
3. Select "Initiate Transfer"
(Note: make sure to "collect" staff assigned equipment before processing a transfer)
4. Create a New Transfer > Destination > Select Warehouse > Go
5. Tag/Serial: Enter tag number of equipment looking to dispose
6. Enter Transfer Notes:
 - **MUST include a note that this transfer is for disposal and the reason why you are disposing this equipment. (ex. Disposal of equipment that is old and no longer in use).**
 - **Then click save**
7. Select "print transfer ticket" - Verify that your transfer ticket only includes one fund and that your note is included on the report
8. Once verified everything looks good
 - Select Submit Transfer > Ship Transfer > Sign
 - Select Print Transfer Ticket > Save
9. Your signed TipWeb Transfer Ticket must then be attached to the KACE workorder.

*See *TipWeb-IT Librarian Guide* for further detailed steps with images

Large Disposal of Technology Equipment

Applicable of Large Disposal if the following are met:

- Technology equipment is **NOT** in TipWeb
- Exceeds more than 7 items being disposed for that fund number

Resources

- Disposal Excel Spreadsheet

Disposal Excel Spreadsheet

This excel spreadsheet is to be used only to enter the information of the equipment being disposed. Once complete, it must be transferred to a PDF and submitted to the KACE workorder along with the signed High Pilferage Disposal Form. See example on next page.

- The spreadsheet must include a title with the following information:
 - Campus Name
 - KACE #
 - Date

Large Disposal of Technology Equipment (Continued)

- Spreadsheet requires the following information of items being disposed:
 - #
 - Serial Number
 - Tag Number
 - PO Number
 - Description
 - Fund Number

High Pilferage Disposal Form

- Fill out form with campus information (Top portion)
- Answer the following cells:
 - Fed Y or N: Answer accordingly
 - Fund#: Answer accordingly
 - Description: **“Please see attachment”**
 - Reason for Transfer: Answer accordingly
- Provide required Signatures and dates

*See example on the following 2 pages for guidance.

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For questions or further guidance regarding disposal procedures, contact:
Vanessa Arrezola, *Accounting Coordinator*.

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Fixed Assets Department Add/Transfer/Disposal Form

Date: 7/10/23 Room# LIBRARY Site # DE LEON M.S. W/O # 178783

School/Department DE LEON MIDDLE SCHOOL Location# LIBRARY

NOTE: Information must be typed or printed legibly. Forms may be returned to requester if information is submitted incorrectly.

PO/Tag #	Fed Y or N	Fund #	Description	Model Brand	Serial	Reason for Transfer	Option Code
N/A	N	199	Please see attachment	N/A	N/A	Obsolete	

COMPLETE APPROPRIATE SECTION – A, B, C

A. PERMANENT TRANSFER OF PROPERTY

To: _____
(Campus/Department)

Initiated By: _____

B. TRANSFERRED TO NEW SITE LOCATION

Equipment Transferred By: _____

Site # _____ Room# _____

School/Department _____

Location# _____
(Receiving Site or Central Warehouse)

C. DISPOSAL OF PROPERTY

Initiated By: CARINA ORTEGA, DEP OF TECH

[SHADED AREAS FOR FIXED ASSETS USE ONLY]

T-- Transfer
A -- Auction
D -- Discarded
SA -- Sale

FORM CLEARED BY:

Picked up by: _____

Delivered to Transfer Site by: _____

Fixed Assets Data Entry by: _____

Date: _____

Required Signatures:

Approved by: JANE SMITH
Campus Principal or Central Office Administrator - Print Name

Signature: J.S. Date: 7/10/2023

Approved by: VANESSA ARREZOLA
Coordinator of Accounting - Print Name
E-mail: Vanessa.Arrezola@mcallenisd.org
(If Applicable, Fixed Asset Items Only)

Signature: [Signature] Date: 7/12/2023

Campus: De Leon Middle School
KACE Ticket #: 178783
Date: 06/13/22

#	SERIAL #	TAG #	PO #	DESCRIPTION	FUND
1	2VWY1J2	N/A		Dell Monitor	199
2	81C22J2	N/A		Dell Monitor	199
3	CN0PVGRC744453CDCT7L	N/A		Dell Monitor	199
4	YM0472gajwq	736319	1104099	Apple iMac	199
5	CN0Y44137287256H6TKL	n/a		Dell Monitor	199
6	4YW7571	N/A		Dell Printer	199
7	UYR833137	7432	321906	Canon Scanner	199
8	EC1044517989	752051	514311	Norcent Dvd Player	199
9	N/A	N/A		iBook G4 Lapop Model A1055	199
10	N/A	N/A		2 Sony Speakers	199
11	5933281	N/A		Dell Desktop Demension 3000	199
12	1067120	N/A		Sony Cd_Radio Cassette Player	199
13	CNBKC26139	12247		hp Laserjet 1022	199
14	S2164004346	754086	615752	TI-84 Plus Silver Edition Calculator	199
15	2020004561	N/A		Ti ViewScreen	199
16	47005880	N/A		Ti ViewScreen	199
17	CNFB602810	12248		Hp Laserjet N12	199
18	CN6BMDG4QC04CY	N/A		Hp Office Jet 5610 All-in-One Printer	199
19	EC104451768	752041	514311	Norcent Dvd Player	199
20	0006696	N/A		Channel One Network Recorder	199
21	EC1044518840	752071	514311	Norcent Dvd Player	199
22	EC1044518038	752028	514311	Norcent Dvd Player	199
23	EC1044518849	752065	514311	Norcent Dvd Player	199
24	CNC110QL58	817849		Dell Monitor	199
25	cn0u072n641800152jxs	N/A		Dell Monitor	199
26	N/A	912259		Ti Caculator	199
27	N/A	912074		Ti Caculator	199
28	N/A	912276		Ti Caculator	199
29	N/A	912094		Ti Caculator	199
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