

CHAPMAN TORNADO
JUNE 11, 2008



FIXED ASSET INVENTORY

**If and when disaster strikes,
will you be prepared?**



Learning Objectives

- State reasons why a school district should perform a fixed asset inventory.
- State the definition of a fixed asset along with the difference between a capital threshold and inventory threshold.
- State where an inventory should occur.
- State when an inventory should occur (frequency of performing the inventory and period of time to complete).



Learning Objectives

- Identify entities that need inventories.
- Identify the best resource for performing the physical inventory.
- State Best Practices for performing an inventory.
- Identify methods for maintaining assets post-inventory.



WHY

is an Inventory Important?



Financial Reporting Accuracy



- School Districts are required to provide accurate financial reports on an annual basis.
- An accurate FA ledger is an integral part of that financial report, as it identifies current assets and their worth.
- And, with technology today, the worth of these assets is increasing all of the time.
- 20 years ago, what would you find in a classroom? A few desks, an overhead projector?
- How about now? Computers, Laptop Carts, Smartboards, Document Cameras.



Financial Reporting Compliance



Fixed Asset Records should be maintained in order to:

1. Comply with Generally Accepted Accounting Principles.
2. Comply with funded grant provisions – such as EDGAR guidelines for tracking federally funded assets.
3. Meet the requirements of GASB 34 Financial reporting.

Districts are also accountable to the State Auditor and most importantly – Local Taxpayers.

How does an audit work in regards to fixed assets?



Recent Missouri Audit Report



Capital Assets

Management Advisory Report - State Auditor's Findings

The district's capital asset records are not complete and are not updated timely when purchases and dispositions occur and physical inventory procedures are not adequate. The district has not tagged or otherwise identified all property items belonging to the district.

7. Capital Assets

7.1 Records and physical inventory procedures

The district has not developed adequate property procedures and records for capital assets.

The district's capital asset records are not complete and are not updated timely when purchases and dispositions occur and physical inventory procedures are not adequate. District asset records are generally updated annually when physical inventories are performed. Performing physical inventories with incomplete asset listings does not ensure all assets are accounted for properly. Also, these listings are summarized, providing the number of like items in the same location, and provide no information other than location and general description of the items. A separate listing of technology items is maintained by the district and updated as items are acquired and disposed, but it is not reconciled to the records used for physical inventories and the listing lacks acquisition date, acquisition cost, and disposition information.

Adequate capital asset records are necessary to secure better internal control over district property and provide a basis for determining proper insurance coverage. Capital asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur, and include a detailed description of the assets such as acquisition cost, descriptions, make and model numbers, and asset identification numbers; the physical location of the assets; and the date and method of disposition of the assets.

7.2 Property tags

The district has not tagged or otherwise identified all property items as belonging to the district. Many assets have tags affixed indicating the assigned location and number, but the numbers are not sequential and the tags do not clearly designate ownership by the district.

Control tags should be affixed to all property items to help improve identification and are properly identified as belonging to the

“Capital asset records and annual inventories were not reviewed by district officials each year to ensure accuracy and completeness or to account for additions and dispositions.”

How would your Board of Education and Community react to a notation such as this?



The Board of Education should ensure complete and detailed capital asset records are maintained, assets are properly tagged for identification, and annual physical inventories are performed and compared to detailed records.



Don't become a news story



Don't become a news story

A [REDACTED] County commissioner wants the district attorney to investigate [REDACTED] County Schools following the release of a scathing audit revealing that \$48.4 million in school equipment is missing.

Supt. response to school equipment audit: It's unacceptable

The Charlotte

SUNDAY ■ NOVEMBER 24

Mecklenburg

DA asked to investigate \$48.4M in missing school equipment

Wildlife habitat grant awarded

County's nature preserves will benefit

By Hilary Trends

During the next three years, Mecklenburg County Park and Recreation will use \$250,000 in grant money to help preserve wildlife habitat along the Catawba River.

The grant was awarded this fall by Duke Energy's Catawba-Waterway Habitat Enhancement Program, officials said, for grassland and shrub management on county-owned property next to and near the river.

The largest portions of wildlife habitat - which include native plant species, officials said - are found in northern Mecklenburg County's Cassin's Field and Latta Plantation Nature Preserves, as well as the McDowell Nature Preserve in southern Mecklenburg County.

The county owns nearly 7,000 acres of natural habitat, said Chris Matthews, director of Park and Recreation's natural preserves and natural resources division. Of that acreage, roughly 400 acres are classified as early succession habitat - the middle ground between forest and open, grassy/brush land. Matthews said, noting that the majority of the grant funding will go toward that kind of habitat.

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Supt. response to school equipment audit: It's unacceptable

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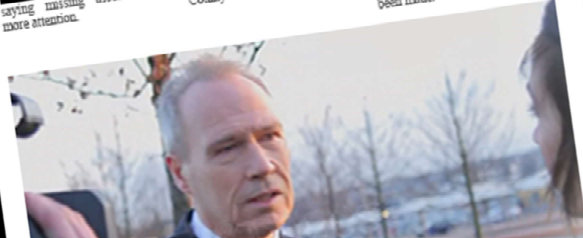
The commissioner is talking about taking things a step further. "If a normal business had done this, they would be out of business," [REDACTED] said.

The commissioner requested that [REDACTED] County District Attorney General launch her own investigation into missing assets at [REDACTED] County Schools, which

total an estimated \$48.4 million according to the outside audit. "I'm also writing letters right now to the state treasurer and state comptroller asking them to look into this," said the commissioner.

The commissioner requested a special called county commission meeting to discuss the school audit. Something, he says, the commission chairman has yet to schedule. "The taxpayers of [REDACTED] County deserve an answer," said the commissioner.

A DA's office spokesman said they have received the commissioner's letter but no decision regarding an investigation has been made.



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Supt. response to school equipment audit: It's unacceptable

Audit of schools reveals \$48.4M in missing equipment. Commissioner [REDACTED] says promises by the board to fix problems are not enough. He sent a letter to [REDACTED] County district attorney saying missing assets deserve more attention.

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Capital Budgeting



Accurate Asset Listing

Equipment Code	Description	Building	Floor	Location	Location Description	Manufacturer	Model Number	Serial Number	Notes	CateID	SubCateID	TypeID
0897	EXHAUST FAN - BELT DRIVEN - HM	PPD	4	PARKING DECK	ELECTRICAL ROOM	LOREN COOK	160 AP 16P17D	516SF35467000000713	VF-13	2039	1887	1741
0898	EXHAUST FAN - BELT DRIVEN - HM	PPD	3	PARKING DECK	ELECTRICAL ROOM	LOREN COOK	160 AP 16P17D	316SF35467000000712	VF-12	2039	1887	1741
0900	EXHAUST FAN - BELT DRIVEN - HM	PPD	S4	PARKING DECK	ELECTRICAL ROOM	LOREN COOK	160 AP 16P17D	316SF35467000000702	VF-2	2039	1887	1741
0951	EXHAUST FAN - BELT DRIVEN - HM	PPD	2	PARKING DECK	ELECTRICAL ROOM	LOREN COOK	160 AP	316SF35467400	VF-11	2039	1887	1741
0902	AIR HANDLER - SPLIT SYSTEM AC - HM	PPD	S4	PARKING DECK	ELEVATOR / ELECTRICAL	MITSUBISHI	SEZ-KD12NA4	42M00526	SS-8	1777	1745	1741
0923	AIR HANDLER - SPLIT SYSTEM AC - HM	PPD	S6	PARKING DECK	ELEVATOR / ELECTRICAL	MITSUBISHI	SEZ-KD12NA4	43M00553	SS-32	1777	1745	1741
0952	AIR HANDLER - SPLIT SYSTEM AC - HM	PPD	3	PARKING DECK	ELEVATOR / ELECTRICAL	MITSUBISHI	SEZ-KD12NA4	.CR	SS-28	1777	1745	1741
0927	EXHAUST FAN - BELT DRIVEN - HM	PPD	S5	PARKING DECK	ELEVATOR / ELECTRICAL	LOREN COOK	160 AP 16P17D	316SF35467000000703	VF-3	2039	1887	1741
0928	HEATER - ELECTRIC CEILING - HM	PPD	S5	PARKING DECK	ELEVATOR / ELECTRICAL	TRANE	UHEC-031COCO	.CF	UH-6	2053	1898	1741
0911	ELEVATOR - TRACTION - EV	PPD	S4	PARKING DECK	ELEVATOR / MECHANICAL	THYSSEN KRUPP	TAC-50/04	CBZ928	7	3408	1872	1837
0912	ELEVATOR - TRACTION - EV	PPD	S1	PARKING DECK	ELEVATOR / MECHANICAL	THYSSEN KRUPP	TAC-50/04	CCE178	5	3408	1872	1837
0913	ELEVATOR - TRACTION - EV	PPD	3	PARKING DECK	ELEVATOR / MECHANICAL	THYSSEN KRUPP	TAC-50/04	CBZ930	9	3408	1872	1837
0914	ELEVATOR - TRACTION - EV	PPD	3	PARKING DECK	ELEVATOR / MECHANICAL	THYSSEN KRUPP	TAC-50/04	CBZ929	8	3408	1872	1837
1179	ELEVATOR - TRACTION - EV	PPD	S4	PARKING DECK	ELEVATOR / MECHANICAL	THYSSEN KRUPP	TAC-50/04	CBZ927	6	3408	1872	1837
0939	EXHAUST FAN - BELT DRIVEN - HM	PPD	S2	PARKING DECK	EXHAUST FAN ROOM 2	LOREN COOK	5/RR 39AVAD-31011	316SF38674-02	EF-6	2039	1887	1741
1177	GENERATOR EMERGENCY - GENERAL - LSUP	PPD	S6	OUTSIDE PARKING DECK	OPPOSITE SIDE OF HOSPITAL	CUMMINS	POWER GENERATION	.CF		1817	1771	1743
0789	AIR HANDLER - SPLIT SYSTEM AC - HM	PPD	1	PARKING DECK	PARKING ATTENDANT	TRANE	GAF2A0A18S11SBA	14052RF0BV	SS-23	1777	1745	1741
0761	AIR HANDLER - SPLIT SYSTEM AC - HM	PPD	2	PARKING DECK	PARKING GARAGE BRIDGE	TRANE	TWE090B300AA	14421M548A	SS-26	1777	1745	1741
0762	AIR HANDLER - SPLIT SYSTEM AC - HM	PPD	2	PARKING DECK	PARKING GARAGE BRIDGE	TRANE	TWE090B300AA	14421MCDBA	SS-25	1777	1745	1741
0916	AIR COMPRESSOR - PNEUMATIC CONTROL - HM	PPD	S6	PARKING DECK	SPRINKLER ROOM	GENERAL	LT620100A	LT62015580396		2025	1878	1741
0904	FLOW PRESSURE SWITCH - - LSAF	PPD	S4	PARKING DECK	SPRINKLER ROOM	POTTER	PS10-2	.CF		ADD1	0	0
0905	FLOW PRESSURE SWITCH - - LSAF	PPD	S4	PARKING DECK	SPRINKLER ROOM	POTTER	PS10-2	.CF		ADD1	0	0
0906	FLOW PRESSURE SWITCH - - LSAF	PPD	S4	PARKING DECK	SPRINKLER ROOM	POTTER	PS40-2	.CF	SUPERVIS	ADD1	0	0
0907	FLOW PRESSURE SWITCH - - LSAF	PPD	S4	PARKING DECK	SPRINKLER ROOM	POTTER	PS40-2	.CF	SUPERVIS	ADD1	0	0
0917	FLOW PRESSURE SWITCH - - LSAF	PPD	S6	PARKING DECK	SPRINKLER ROOM	POTTER	PS10-2			ADD1	0	0
0921	TAMPER - - LSAF	PPD	S6	PARKING DECK	SPRINKLER ROOM	NIBCO	BFV-N			ADD2	0	0
0360	BOILER - GAS & OIL - HM	POWER	1	MECHANICAL	BOILER ROOM	CLEAVER BROOKS	CBI-200-700-150	0L102281	BOILER 1	1782	1746	1741
0361	BOILER - GAS & OIL - HM	POWER	1	MECHANICAL	BOILER ROOM	CLEAVER BROOKS	CBI-200-700-150	0L102284	BOILER 2	1782	1746	1741
0362	BOILER - GAS & OIL - HM	POWER	1	MECHANICAL	BOILER ROOM	CLEAVER BROOKS	CBI-200-700-150	0L102283	BOILER 3	1782	1746	1741
0363	BOILER - GAS & OIL - HM	POWER	1	MECHANICAL	BOILER ROOM	CLEAVER BROOKS	CBI-200-700-150	0L102282	BOILER 4	1782	1746	1741
0365	DEAERATOR - GENERAL - HM	POWER	1	MECHANICAL	BOILER ROOM	CLEAVER BROOKS	DG009124	.CF	PUMPS	2075	1908	1741
0364	EMERGENCY EYE WASH - GENERAL - PPE	POWER	1	MECHANICAL	BOILER ROOM	SPEAKMAN	8580121	0044616	SHOWER	1814	1772	1744
0359	FUEL LEVEL MONITOR - GENERAL - OT	POWER	1	MECHANICAL	BOILER ROOM	VEEDER-ROOT	TLS-300	D12150651505001		2164	1938	1840
0366	HEAT EXCHANGER - HEAT EXCHANGER - HM	POWER	1	MECHANICAL	BOILER ROOM	BELL & GOSSETT	BY526200101500	905735031	TUBE	2047	1895	1741
0367	HEAT EXCHANGER - HEAT EXCHANGER - HM	POWER	1	MECHANICAL	BOILER ROOM	BELL & GOSSETT	BY526200101500	.CF	TUBE	2047	1895	1741
0368	PUMP - CONDENSATE - HM	POWER	1	MECHANICAL	BOILER ROOM	SHIPCO	32701	32385	CP-1	2068	1905	1741

- Schools receive assets (central location or drop shipped).
 - Asset information sent to Financial Department to be entered into ledger.
 - Depreciation is set up.
 - Then, on an annual basis, depreciation is calculated.
Items are ASSUMED to still be owned by the District.
 - If you assume from year-to-year that your asset list is accurate without verifying, the ledger becomes more inaccurate–**SNOWBALL EFFECT.**
 - **More difficult to reconcile once this occurs.**
- 

Locate Missing Assets





Identify Surplus Equipment



Accurate Insurance Premiums



Disaster Preparedness & Recovery



Cedar Rapids Iowa Flood



School Service Center

District Office









FEMA News Photo

WHAT



IS TYPICALLY INVENTORIED?

- Initial cost of \$500 or more with life expectancy > 1 year.
- Capital threshold \$5,000. May be easier but will not help in recovery.
- Controlled Assets (serialized $< \$500$)



ASSET CLASSES

- Information Technology
- Audio Visual Equipment
- Furniture & Fixtures
- Health & Fitness Equipment
- Industrial Arts Equipment
- Science Lab Equipment
- Kitchen Equipment
- Office Equipment
- Maintenance Equipment
- Musical Instruments



- Fixed Assets or “Major Movable Equipment” typically fall under the previously mentioned asset classes.
- Good rule of thumb: What would you take with you, if you were going to vacate the building?
- Gray Areas – Bleachers, scoreboards, structures such as dugouts, fences, etc.



CONTROLLED ITEMS

- PCs
- Laptops
- Tablets
- Monitors
- Wireless Tablets
- LCD Projectors
- Televisions
- DVD Players



WHAT ABOUT THESE?



WHERE

**Should an Inventory be
Performed?**



Every facility that has an item owned by the district should be inventoried.

Every:

- Room
- Shed
- Office
- Support building
- Concession stand
- Common area, etc.



WHEN

**Should an Inventory be
Performed?**



- **When as in “How Often”**
- Varies by school district policies. (Annual, biennial, etc.)
- When new building comes on-line is an excellent time.
- Change in Administration may be a good time.
- **When; as in time of year and day:**
- During the school day/school hours
- Summer (may work because of 1:1) but difficulty due to painting, waxing, maintenance, etc.
- You need to decide what works best for you.



WHO'S

There are two Who's



WHO

Needs an Inventory?



- Large or Small
- Who is more susceptible to disasters or theft?
- Every school has to prepare annual reports.



WHO

**Should perform the
Inventory?**



- Needs to be a consistent person(s).
- Needs to be dedicated to the inventory until it is complete.
- Someone that is familiar with all types of equipment (maintenance, IT, athletic, etc.)



How

**Best Practices for insuring
an accurate inventory**



Prior Planning is Paramount



Determine Threshold



Determine Included/Excluded



Determine Data To Collect

- Property Tag Number
- Description
- Building
- Room
- Manufacturer
- Model
- Serial Number
- Federal Fund
- Condition



Process

- Communications
- Checking in
- Floor Plans
- Access
- Timeframe
- Personnel (internal or outsourced)
- If outsourced - background
- Valuation
- Reconciliation



CONTINUED TRACKING

Managing Assets Going Forward



Process and Procedures?

- Do you have written policies and procedures?
- If so, who will enforce these?



Maintaining Ledger

- As items are received, moved, and disposed.
- System: Doesn't matter if it's a spreadsheet, paper, or asset tracking system – you still need to maintain the ledger.
- One line per item (except “grouped” items).



QUESTIONS?

