



February 26, 2010

Ms. Tina Cox
Harleton ISD
PO Box 510
Harleton, TX 75651

**FIXED ASSET MANAGEMENT
PROGRAM PROPOSAL**

Dear Ms. Cox,

RCI Technologies, Inc. (RCI), a consulting company, is pleased to submit this proposal for a Fixed Asset Management Program (FAMP) to support GASB 34. RCI has completed similar projects in over 1,100 locations throughout the United States during the past two decades.

PURPOSE

The RCI Fixed Asset Management Program is specifically designed to assist school Districts in complying with the inventory and depreciation requirements contained in GASB 34. It was developed to comply with both Generally Accepted Accounting Principles (GAAP) and Governmental Accounting, Auditing and Financial Reporting (GAAFR) guidelines. In order to meet GASB 34 financial reporting guidelines, school Districts need an accurate baseline fixed asset inventory, including as much historical cost information as possible, as well as the flexibility to separate assets by areas of responsibility, such as Campus, Food Service, Bus Transportation, etc. RCI's Fixed Asset Management Program provides exactly this capability by isolating smaller groups of depreciable assets from the entire District database. The RCI program enables School Districts to track assets from original purchase order to final disposition.

We believe that RCI is unique in the industry in that we make a concerted effort to record all possible actual cost values when preparing databases for our clients. We realize that, in some cases, actual cost information is simply not available. In those cases we exercise due diligence in determining estimated costs. We will need assistance in some cases to determine acquisition dates.

School Districts typically bar code items with a value of \$500.00 or more. This represents approximately 7% to 10% of the total items in the District, which in turn represents approximately 75% of the total asset value of property in the District, excluding Real Property (land and buildings).

SCOPE

This proposal is for a project that includes a 100% inventory of non-consumable assets at Harleton ISD. The project includes placing a unique bar code label on each item valued at \$500.00 or more including TVs, VCRs, DVD Players, Digital Cameras, Computers, Printers etc., and recording the description, bar code number and location (building and room) of each item. **Additionally, the project includes group count and location of all items not bar coded and costing less than \$500.00.** This comprehensive program includes not only the initial database but also provides a complete system to monitor and control your assets. Each of these items will be recorded as an individual record, citing description, manufacturer, model, serial number, bar code number, old tag number (if tied to a viable database), building and room location. Computers will be bar coded on the CPU only. Vehicle titles will be bar coded rather than on the vehicles themselves.

RCI Technologies, Inc. will provide two experienced specialists to accomplish the Fixed Asset Management Project for Harleton ISD. All personnel are employees of RCI Technologies; no subcontractors or temporary help will be used. RCI will complete its on-site baseline work in about five to six on-site eight-hour days. We normally begin work at 8:00 a.m. and continue into the evening. Much of the non-classroom work can be accomplished during the day. To avoid interfering with student activities, the team will normally begin its work in the classrooms after classes have been dismissed for the day.

There are typically certain assets that are to be included in an inventory, but which are issued to individuals and therefore not readily available for inventory during our on-site visit. This group may include items such as band instruments, laptops, etc. In order for us to include these items in the inventory process, you will need to furnish a complete listing of them, including information regarding manufacturer, model, serial number, cost of data, etc. Each eligible item will then have a bar code label assigned that will be affixed to a corresponding hardcopy listing.

RCI will also place a room bar code label at the entrance to each room, closet, etc. This unique room number will ensure clarity of identification during future inventories. Bar coding the entrance to each room to distinguish that particular room from any other in the District is extremely important. It enables the program to process identical room numbers (such as Classroom 101) in multiple locations. The database will show both the bar code room number and the school's common description for that room.

The data input fields for RCI's Fixed Asset Management Program are:

Campus/Building Number	Cost	Disposition Method
Room Number	Item Account Class	Disposition Date
Item Description	Quantity	Useful/estimated life
Federally Funded	Manufacturer	Purchase Date
Condition Code	Model	P.O. Number
Serial Number	Invoice Number	Remarks
Old ID Number	Check Number	Date Data Modified
Bar Code Number	Funding Code	Cost Code ID (Actual/Estimated)
Depreciation Method	Program Codes	10 User-defined fields
Salvage Value	Vendor	

The RCI Fixed Asset Management Program allows data to be exported/imported to/from a variety of accounting packages.

ACTUAL/ESTIMATED COSTS REQUIRED BY GASB 34

To fully comply with those reporting and depreciation guidelines, our mutual goal is to report the actual historical costs of District assets including both equipment and real property. In reality, information documenting actual costs varies widely from District to District; some have excellent records while others have virtually no information available. Most Districts fall between the two extremes.

When actual historical costs cannot be determined, estimated actual costs will be assigned to all items for which an acquisition date can be established. When specific acquisition dates cannot be established, RCI will request that the District furnish an estimated purchase date. RCI can then calculate estimated actual costs using current replacement costs back-trended by commonly accepted indices to the appropriate acquisition dates.

Grouped items representing significant outlays (library books, uniforms, software, sports equipment, etc.) can be reported as line item entries based on information provided by the District.

SOFTWARE

RCI believes that the School District should be able to add, delete and manipulate data related to its assets as it becomes necessary, rather than relying on an outside vendor to perform the work and then provide reports to the District. Therefore, THE RCI FIXED ASSET MANAGEMENT PROGRAM SOFTWARE IS PROVIDED AS AN INTEGRAL PART OF THE OVERALL PROJECT, AT NO CHARGE TO THE CUSTOMER.

The Fixed Asset Management Program, including the software, was developed by RCI Technologies specifically for School Districts. The software is a Windows-based stand-alone program that uses relational databases (Powerbuilder/Microsoft SQL) for optimal performance. RCI will populate the Fixed Asset Management database for your District using information collected during the on-site portion of the project. The FAMP software includes all necessary query and report formats, as well as the features to upload scanned information from the portable laser scanner. The update module will facilitate the continued use of the Fixed Asset Management Program once we develop the initial database as a result of our on-site work. The Fixed Asset Management Program Software is exportable and importable, via a variety of Windows-based formats (Excel, Text, CSV, ASCII, etc.).

The optimum system requirements for the Fixed Asset Management Program are a Pentium-level processor with 500 MHz speed; CD-ROM Drive; 64 megabytes RAM (for Windows 95, 98 or ME); 128 megabytes RAM (for Windows 2000 or XP); and 1-Gigabyte or larger hard drive.

The RCI Fixed Asset Management Program is Open Database Compliant (ODBC). The program is fully networkable and will run on an NT based server. The program can be password protected from unauthorized users, or set up to allow various levels of access (user from campus A can access data for campus A, but not campus B). Multiple simultaneous usage is possible using your existing Microsoft SQL server license or by purchasing a user license.

DEPRECIATION

The software supplied by RCI depreciates asset values using the straight-line method to ensure School

Districts comply with GASB 34 guidelines. This software will depreciate each item for the number of years of useful life based on the purchase date, salvage value (if any), and original cost. The user can filter for any desired capitalization level (\$1,500.00, \$5,000.00, etc.). In addition, the system can filter by category to allow depreciation of specific items, such as depreciating all kitchen equipment with a value of \$1,500.00 or more.

While RCI is committed to providing every client with the best inventory and software system available, the ability of the RCI system to support GASB 34 reporting is directly influenced by the quality and completeness of the original cost and acquisition information provided by the District.

CUSTOMER RESPONSIBILITIES

Harleton ISD should have one person from the Business Office available to assist our Project Coordinator with specific information (cost, acquisition date, etc.) of capital assets. This information is usually found in the Finance Office, but may also be found in IT, Maintenance or other departments. This information is essential for the calculation of depreciation. In the event the acquisition date for a given asset is not available from existing records, Harleton ISD will need to provide an estimated acquisition date to calculate depreciation.

Providing cost detail on computer equipment is especially important, since the physical placement of equipment may prevent collection of model and serial number, and the wide variety of internal components that can be found (without changing the external appearance of the “box”) may make determination of historical cost impossible.

The RCI Fixed Asset Management Program incorporates useful lives based on recommendations of various State auditors and other authoritative agencies. The District can change any or all of these lives based on decisions made by District administrators and the external auditor.

RCI will request that you provide fire escape plans (or other similar floor plans) and lists of unusual equipment or an existing database in an electronic format if available, to be included in the inventory at least two weeks prior to the beginning of the on-site portion of the project.

It is very important that District personnel are aware that we will need to have access to all areas of the District. Our fees are based on having continued access to all facilities and any substantial delay encountered will impact the final invoice. Other personnel (perhaps custodians) will need to help us in identifying the location of assets throughout the District and should have keys available to provide access to all areas. These individuals will not be needed full time, but we would appreciate ready access to them.

In addition to representatives from the Business Office, an individual from at least each of the following departments should be made aware of our arrival and should be reasonably available to the RCI Project Coordinator throughout the on-site portion of the project:

Information Technology	Security
Maintenance	Special Education

DELIVERABLES

From the completion of our on-site work until you receive the final Fixed Asset Management package is normally no more than six weeks. As a result of this project, Harleton ISD will receive:

1. Numbered bar code labels affixed to all controlled items of property (each item valued at \$500.00 or more including TVs, VCRs, DVD Players, Digital Cameras, Computers, Printers, etc.).
2. Physical inventory, by location, of all fixed assets not bar coded and valued under \$500.00.
3. District-wide listing of all inventoried assets by description, and current location (campus/building and room).
4. An Operating Guide for the system software.
5. The Fixed Asset Management Program and database for all inventoried items, that can produce numerous reports including the following:
 - a. Total Inventory Report
 - b. Fixed Asset Inventory Report – by Bar Code
 - c. Total Inventory Report – by Campus, Campus/Room, Item Class, etc.
 - d. Property Detail Report
 - e. Property Summary
 - f. Room List
 - g. Disposal Reports – Personal Property & Real Property – Shows (by date range) assets retired or otherwise disposed of by the organization.
 - h. Federally Funded Assets Report
 - i. Acquisition reports, showing (by date range) assets acquired by the organization.
 - j. Items not scanned.*

* Asset management data for these variance (exception) reports is based on inventories subsequent to the initial inventory.

WORK ESTIMATES AND ASSUMPTIONS

This proposal assumes:

1. RCI Technologies, Inc. has carefully prepared this Fixed Asset Management Program proposal based on an estimated total of 67 classrooms. It is submitted based on RCI's experience and in good faith that the information provided is accurate; our pricing calculations are based directly on this information. If the number of classrooms significantly exceeds this number, RCI reserves the right to adjust its fees accordingly. The RCI Project Coordinator will identify this overage to your point of contact as soon as any additional work requirement becomes apparent. Any additional fees will be applied to the final invoice.

2. All inventoried assets are owned by the District. No leased equipment will be inventoried unless requested by you.
3. Harleton ISD will present RCI with all available costs for capital assets, and will work with RCI to determine reasonable and defensible acquisition dates when actual dates cannot be established. Calculation of depreciation is dependent upon actual acquisition costs and dates.

PRICING

RCI will provide two specialists to Harleton ISD for about five to six on-site eight-hour days. The Fixed Asset Management Consulting fee will be a flat fee of **\$6,700.00**. (Item "A" on the acceptance page).

RCI will require an initial payment of \$1,350.00, upon scheduling of the engagement, \$4,000.00 payable at the end of the on-site portion of this project, and the remainder due upon delivery of the software program. Terms, net 10 days.

OPTIONAL PRODUCTS & SERVICES

CUSTOMER TECHNICAL SUPPORT

Telephone support: Free telephone technical support is included for the first 60 calendar days following the completed project. RCI will bill you \$700.00 per year after the initial 60 days to retain this customer support for two designated School District employees. If, after the free 60-day period, you elect not to use this yearly-billed service, RCI will continue to support you for a fee of \$250.00 per incident (**Item "B" on acceptance page**).

TRAINING

The delivered product includes a CD containing the populated database, accompanied by system loading and operating instructions. If optional on-site training is desired it can be provided at the rate of \$1,200.00 for one on-site day. Additional days on the same RCI trip can be scheduled at the rate of \$500.00 per day. If multiple clients in the same area receive training simultaneously, a commensurate reduction in fee will apply.

The training consists of instruction for both the system operator and any personnel who will perform inventories, should you elect to perform future inventories. RCI strongly recommends that on-site training be done in conjunction with the delivery of the populated database (**Item "C" on acceptance page**).

BAR CODES

Additional polyvinyl bar code labels, to allow for perpetuation of the system, are \$0.12 each (Item "D" on acceptance page).

RESEARCH

If research is required for land, buildings or improvements, RCI can provide the necessary additional research work under a separate contract. We will perform research to obtain actual costs using available

District records, as well as those located outside the District (city, county, etc.). Land will be identified by its legal and common descriptions within the database, but as you are aware, land is not a depreciable asset. In addition, GASB 34 has stated that, in most cases, School Districts do not have infrastructure.

SYSTEM UPDATES

RCI UPDATES: There are three update options, all available under a separate contract.

IN-HOUSE UPDATE: Harleton ISD will be provided with the initial fully populated database, and will have the ability to conduct subsequent inventories and system updates, including additions, deletions, equipment movement, etc.

ON-SITE UPDATE: We will return and place bar code labels on all appropriate items, based on the threshold stated in this contract, that are not already bar coded, and will scan all new and previously bar coded items. The updated bar code information (bar code number, description, manufacturer, model and serial number, etc.) will be entered into the database, compared to previously scanned information and will produce variance reports by room, campus/department, and for the entire District.

REPORTS UPDATE: RCI can process update information (acquisition, disposal, movement, etc.) as provided to RCI by the District in paper format. This service is offered at a cost of \$45.00 per hour.

AUTHORIZATION

When you approve this proposal, please check the blocks representing the services desired, sign the acceptance page and return it to RCI Technologies, Inc.

Sincerely,



Lisa M. Flores
Client Services Manager

FIXED ASSET MANAGEMENT PROGRAM PROPOSAL

DATED FEBRUARY 26, 2010

ACCEPTANCE BY HARLETON ISD

HARLETON, TEXAS

(Please check the services authorized)

- A. Fixed Asset Management Proposal (Including Software) @ a flat fee of **\$6,700.00**. RCI will require an initial payment of \$1,350.00 upon scheduling of the engagement, \$4,000.00 payable at the end of the on-site portion of this project, and the remainder due upon delivery of the software program.
- B. Customer technical support @ \$700.00 per year for two employees.
- C. On-site training @ a rate of \$1,200.00 for the first day and \$500.00 for each additional day desired on the same trip.
- D. _____ Polyvinyl Bar Code Labels for perpetuation of the system @ \$0.12 each.

Name _____ Title _____

Signature _____ Date _____

Phone Number _____ Fax Number _____

Email _____ Purchase Order # _____

Please indicate preferred start date: _____