

# *Laredo College*

## *Asset Management Manual*



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## Chapter 1 – Overview

This *Laredo College Asset Management Manual* sets forth the procedures for the management of real, personal tangible and intangible property within The Laredo College (LC) and prescribes the duties and functions of selected key personnel. This manual should be used in conjunction with the *State Property Accounting Process User's Guide*, hereinafter referred to as the *SPA Process User's Guide*.

This manual is located online at the Property Inventory Department's LC intranet website. In the event that this Asset Management Manual is in conflict with the State Comptroller's manual or other guidelines, the State Comptroller's guidelines will prevail. This manual will contain more detailed or specific guidance for the Laredo College's Campuses. Capital assets are real, personal tangible or intangible property. Capital assets have a value equal to or greater than the capitalization threshold for the particular asset classification and have an estimated useful life of greater than one year. This asset management manual will describe each of the types of capital assets that the college is vested in the responsibility for each type of asset.

**Real property** is defined as any interest in land, together with structures, fixtures and improvements of any type located thereon. The term "real" should be associated with realty, land or something attached thereto. Real property includes land and land improvements, buildings and building improvements, facilities and other improvements, infrastructure and construction in progress.

**Personal property** is fixed or movable tangible assets to be used for operations, the benefits of which extend beyond one year from date of acquisition and rendered into service. LC also defines personal property as any possession owned by or entrusted to a department having sufficient value to warrant inclusion in fixed asset financial reports or, due to the nature of the asset, is required to have management controls placed on it. Personal property does not include consumable items, nor does it include real property. It can be a capital asset, a controlled asset, or an inventoried asset.

### **Non-Inventoried, Controlled/Inventoried and/or Capitalized:**

Non-Inventoried Fixed Asset (71008) is a single item purchased by the College that has a life expectancy of one or more years and a value of \$499.99 or less. Items will not be manually tagged, but a "Property of Laredo College" tag will be placed on items for identification purposes.

Inventoried Asset (71004) is defined as personal property having a unit value of \$500 up to \$4,999.99. These assets need to be permanently tagged and tracked depending on their unit cost.

Controlled Asset (71004) is a single item purchased by the College that does not meet the inventoried fixed asset threshold, but these it must be permanently tagged and tracked due to the nature of the item and its unit value of \$250 up to \$4,999.99.

***Controlled "Sensitive" Asset (71004) is defined as sensitive property that does not meet the inventoried fixed asset threshold, but it must be permanently tagged and tracked due to the nature of the item. All firearms are considered sensitive items.***

Capitalized Asset (71000) is real, personal, or intangible property having a value equal to or greater than the capitalization threshold for the particular asset and having an estimated useful life of greater than one year. Capitalization is mandatory for all equipment having a unit value of \$5,000 or more and an estimated useful life of more than one year.

**Non-Inventoried, Controlled/Inventoried and/or Capitalized items include:****Non- Inventoried Assets (\$1- \$499.99) – Account# 71008 (No OTags):**

Please Note: A "Property of Laredo College" tag will be placed on assets for identification purposes. No OTags will be generated for these non-inventory assets.

- Appliances (\$1 - \$249.99)
- Equipment/Office Equipment
- Furniture
- Tools (with a life expectancy of 1 year or more)

**Fixed Inventoried Assets (\$500-\$4,999.99) – Account# 71004 (PTAG will be assigned):**

- Desktop Computers
- Electronics/Electrical Devices
- Equipment/Office Equipment
- Furniture
- Software Programs/Training Manuals
- Tools

**Controlled Assets (\$250-\$4,999.99) – Account# 71004 (PTAG will be assigned):**

- *Electronics/Electrical devices*
- *Appliances*

**Controlled "Sensitive" Assets (at any cost) – Account# 71004 (PTAG will be assigned):**

- *Firearms*

**Capitalized Assets (\$5,000 or more) – Account# 71000 (PTAG will be assigned):**

- All Terrain/Golf carts/other
- Cars/Trucks/Boats/Commercial Vehicles
- Desktop Computers
- Electronics/Electronic devices
- Equipment/Office Equipment
- Furniture
- Software Programs/Training Manuals
- Tractors/Heavy Equipment Vehicles
- Tools

Inventory controls over other equipment valued at less than \$5,000 per unit may be required if the Property Inventory Department deems such controls necessary. These items would be called Inventoried and/or Controlled items. An example would be if the department chooses to control cash registers and/or printers. These items are not required to be controlled by the State of Texas, but the college could require it. It is important that if a college chooses to track inventoried property it must be tracked consistently for all like items owned by the college. With the exception of real property, all assets should be identified as belonging to the college regardless of whether they are Capital, Controlled, and/or Inventoried. Normally, LC places a "Laredo College" asset tag on all their assets.

Assets funded or furnished by State, Federal or private agencies, by endowment, or by private donations are also subject to the rules and regulations of those agencies or terms of agreements under which funds to purchase equipment were acquired. These assets must be marked with the correct funding source in the Fixed Asset module.

The following page has a list of acceptable operating and general ledger accounts for property within the Laredo College as well as the corresponding threshold amount.

### Fixed Asset General Ledgers & Capitalization Thresholds

Item#	Description	Operating Account	General Ledger	Capitalization Threshold Amount
1	Land [3]	76034	17000	ALL
2	Buildings	-----	17100	\$100,000
3	Land and/or Campus Improvements	78008	17200	\$100,000
4	Lease Purchases [1]	71412	17700	\$5,000
5	Capitalized Equipment and/or Vehicles	71000	17500	\$5,000
6	Library Books and Materials [2]	71404	17300	ALL
7	Works of Art/Historical Treasures [3]	-----	17800	ALL
8	Computer Software Purchased	72024	17500	\$5,000

[1] At date of purchase, lease purchases are to be capitalized at full cost in the appropriate asset category.

[2] Professional library. If not professional, then use \$5,000 threshold.

[3] Non-Depreciable nor Amortizable.

## Chapter 2 – Responsibilities

### Accountable Property Officer (APO)/Alternate Accountable Property Officer (Alt. APO)

**Accountable Property Officers (APO) also known as Department Directors are responsible for the physical possession and control of all property entrusted to their department. This is normally limited to personal property. They are under financial liability for the loss or damage to personal property under their control if the loss or damage results from their negligence, intentional act, or failure to exercise reasonable care to safeguard, maintain, and services the items.**

APO's are also responsible for ensuring an employee is aware of his/her responsibilities for the assigned property. An APO may appoint, in writing, an Alternate Accountable Property Officer (Alt. APO) to act on her/his behalf. Designated by the Accountable Property Officer, the Alternate Accountable Property Officer performs the daily functions of personal property management for the department. The Alternate Property Officer will exercise "due care", but ultimately the responsibility for departmental equipment belongs to the Accountable Property Officer. Alternate Accountable Property Officers generally fill out the paperwork and are aware of day-to-day equipment issues, the Property Inventory Manager needs, to train these individuals on proper asset management procedures for property under their care.

When a Department's personal property is entrusted to a person other than the APO, the Property Inventory Manager shall require a written receipt from the person receiving custody of the items. This receipt shall transfer the responsibility for the personal property to the person receiving the custody of the items. The receipt must include a detailed list of the property entrusted to the individual, along with a statement of financial liability for loss or damage resulting from negligence, intentional act, or failure to exercise reasonable care to safeguard, maintain and service the property.

### Distribution of Procedures

Each department's APO or Alt. APO is responsible for the distribution of procedures regarding the accountability for and safekeeping of property owned or managed by the department. All departmental procedures should comply with the rules of property management and reporting as defined by *SPA Process User's Guide and/or The Laredo College Asset Management Manual*.

A department may adopt stricter internal procedures that do not contradict by *SPA Process User's Guide* or college procedures. Furthermore, it is the responsibility of the department head to ensure that their staff receives training in the procedures.

### Sale of Surplus/Salvage Personal Property

The Property Inventory Manager is authorized to sell in an orderly manner any surplus and salvage personal property after a request for authorization has been approved by the chief financial officer. However, if the property was acquired through a gift or sponsored agreement, the terms of the gift or agreement should be reviewed prior to sale.

All assets sold at surplus sales/auction should include the asset number and description for each item of personal property. The Property Inventory Manager will ensure that the college has written procedures

(including advance approval requirements) for surplus property of the college. Documentation is required when these exceptions are granted.

### **Loss of Property**

**If a department has reason to believe that personal property belonging to the college is missing, destroyed, stolen and/or damaged through the negligence or fault of an official or employee of the college, the Department must be reported to campus police and the Property Inventory Manager.**

If property disappears, deteriorates, or is damaged and/or destroyed as a result of negligence, or failure to exercise reasonable care, by department head or college employee entrusted with the property, they could be held liable for monetary damages.

### **Annual Inventory**

The College must conduct a physical inventory of its personal property (assets) each year, at a time of its own choosing. The Property Inventory Manager is responsible for coordinating this effort.

During each annual physical inventory, the legibility of the inventory number should be verified. Missing or illegible labels and personal property numbers should be replaced or numbered before concluding the inventory process. The condition of each property item must also be evaluated during annual physical inventory.

In addition to the annual inventory requirement for personal property, it is strongly suggested that the Property Inventory Manager review a list of all real and intangible property owned by the college at least once a year (preferably at year-end) to ensure that all assets included on the list still exist (have not been destroyed or demolished), that ownership has not changed and that the assets are properly valued in the inventory records.

### **Transfers**

The Property Inventory Manager or assignee will control transfers of property. Transfer of personal property includes any asset transferred to and from a department within the college.

The department heads or alternates will be responsible for transfers of equipment to or from their departments and will submit documentation for all transfers to the Property Inventory Department. Accountability will be maintained throughout the transfer process. The department heads or alternates from the two departments must document the transfer. Transfer of property includes any item of property transferred from one department to the other, or Department head or Alternate will be responsible for transfers of property to or from the department and will submit documentation for all transfers to the Property Inventory Department.

### **Found Property**

Personal property found within the college which appears to have been lost, abandoned or not under the control of any individual or a department, will immediately be reported to the Property Inventory



Manager and placed under the control of either the department head of the finding department or the college's surplus property office. Unclaimed assets that are deemed in working/good condition will be sold in the Surplus Auction. All damaged items will be disposed.

Documentation is required. If the property is determined to be already assigned to a department, its discovery will be reported by the Property Inventory Manager to the department head or alternate of that department who will make arrangements for its recovery or turn the equipment over to the surplus property office.

### **Loans**

All loaned personal property must be reported in the physical inventory of the loaning department. Upon completion of the assignment or loan period, the Accountable Property Officer will ensure that the equipment is properly accounted for and the documentation reflects the end of the assignment and the return of property. Please make sure to submit the Loan Agreement Form to the Property Inventory Department.

Equipment may be assigned or loaned to a department or individual for the official benefit of the Laredo College only. This assignment or loan can be considered temporary (i.e. overnight or for a weekend) or long-term. When personal property is loaned to a department not under the control of the Accountable Property Officer, the Department head will require the receiving department to execute a receipt. If property is to be or has been loaned in excess of 90 days, the loaning Department head should review the need for the property in that department to determine if the property should be transferred to the borrowing department, returned, or reported to the Property Inventory Manager as surplus.

The Department head should establish procedures for management of personal property that are assigned or loaned. The procedure will include the following requirements at a minimum:

- ✓ Receipt for the issue and return of personal property;
- ✓ Receipt specifying, if applicable, restrictions on use, requirements for special handling or operator training, and any other specific stipulations;
- ✓ Identification of the loan in the department's inventory records;
- ✓ Specific time limits for the loan, if known; and,
- ✓ Periodic review of items on loan.

When personal property is to be assigned to an employee for use overnight or during the weekend at some location other than the normal official work area, the Accountable Property Officer should require the use of a temporary receipt or sign out procedure.

When personal property, such as laptops, tablets, cellphones, drafting sets, and cameras, are specifically assigned to an employee for use in the employee's official duties, the Accountable Property Officer must ensure that upon employee transfer or termination all personal property assigned to the employee is returned to the department or responsible/accountable unit. Loans of certain types of personal property require special attention due to restrictions on utilization.

## **Surplus/Salvage**

The Accountable Property Officer or Alternate is responsible for promptly identifying and reporting to the Property Inventory Manager any excess personal property under the department's control. Once reported, the Property Inventory Manager will initiate action to transfer the property to a department which has need for the property or to the surplus property office.

## **Missing/Stolen Personal Property**

The Accountable Property Officer or Alternate will notify the campus police and the Property Inventory Manager within 24 hours of identifying missing/stolen property. In addition, a copy of the missing/stolen inventory report is to be sent by the Accountable Property Officer, within the 24-hour period, to the Property Inventory Manager. The Accountable Property Officer will immediately initiate a formal investigation in an effort to locate all missing/stolen property and/or prevent a repeat occurrence. This investigation must include the following at a minimum:

- ✓ notify all departmental personnel of loss, and request any information known concerning the property;
- ✓ conduct a search of the department;
- ✓ identify the person responsible for the property;
- ✓ identify the date and place the property was last seen;
- ✓ identify the manner in which the loss occurred;
- ✓ determine if prescribed procedures were adequate to safeguard the property;
- ✓ recommend any revisions in procedures that might be required to assist in preventing future losses of the same type; and,
- ✓ Recommend holding an individual or individuals financially liable and, if so, in what amount.

Results of the investigation should be provided to the Property Inventory Manager. Please be aware that missing property must remain on a Department's inventory through two physical inventories and/or two calendar years from the time the item is determined to be missing. Stolen property must be immediately disposed from the Department's inventory. Any individual who, through misuse or neglect, causes or permits property to be missing, stolen, damaged, or destroyed may be held financially liable for the loss sustained. To determine the amount of the loss, such factors as original acquisition value, age, condition, cost of recent repairs or renovation, and estimated fair market value prior to loss or damage should be considered. If the Accountable Property Officer suspects employee theft or negligence, this must be indicated on the missing report.

When property is found after being reported as missing or stolen, the Accountable Property Officer or Alternate will prepare and submit to the Property Inventory Manager and campus police, a cancellation of the missing report previously submitted. This cancellation should provide the following information:

- asset number
- asset description
- location of asset
- Signature of the Accountable Property Officer or alternate certifying the recovery of property.

**Surplus Inventory Supervisor**

The Surplus Inventory Supervisor is responsible for the management of excess personal property. This individual may also be the Property Inventory Manager, the Asset Management and Auxiliary Officer, or another employee.

**Surplus/Salvage**

Basic procedures for disposition of personal property (excluding data processing equipment) include the following:

- available for transfer to other departments,  
or
- sold by auction or by sale.

The sale of property received under a contract or agreement will be in accordance with the terms of the contract or agreement under which the equipment was provided.

**Employee**

Each LC employee is responsible for using the college's personal property (equipment) for official purposes and is required to exercise reasonable care for its safekeeping. The term "reasonable care" means that, at a minimum, steps are taken to maintain the asset in an acceptable manner, ensure the security of an asset, ensure that an asset can be located at any time requested, and ensure that the person responsible for the asset is known. At no time should the college's property be used for personal gain.

## Chapter 3 – Acquisitions & Disposals

### Acquisitions

#### Purchased

The most common way to acquire property is through purchase orders. However, assets can also be acquired as gifts, donations, as ‘found’ equipment, or they can be fabricated or constructed.

#### Gifts

The Laredo College may receive furniture, equipment, museum collections/historical treasures and works of art, etc. as gifts after being authorized by the college president. As per *Laredo College Board of Trustees Policy CAM (LOCAL)* these items usually referred to as noncash gifts, become property of the Laredo College upon formal acceptance.

The Property Inventory Manager should be notified in writing of the acceptance of a gift that needs to be inventoried. The gift will be given an inventory number and will be tagged, if possible. If tagging or marking is not possible, an inventory number will be "assigned" for the item. Donated asset items are to be recorded at the estimated fair market value at the gift date. In many cases, the donor may have had an independent appraisal completed to identify the items Fair Market Value (FMV) for income tax purposes.

#### Found Property

Property found within the college which appears to have been lost, abandoned or not under the control of any individual or department/unit, must be reported immediately to the Property Inventory Manager and placed under the control of either the Accountable Property Officer of the finding department/unit. Documentation is required. If the property is determined to already be assigned to a department, its discovery will be reported by the Property Manager to the Accountable Property Officer or Alternate of that department who will make arrangements for its recovery or turn the property over the surplus property office. If the department charged with control of the property cannot be identified, and the property can be used by the finding department, it will be entered into the inventory records of the finding department. If such property cannot be used by the finding department/unit, it will be entered into the inventory records of the surplus property office for either reissue or disposal.

#### Disposals

There are many common ways to dispose of an asset. Some of the most common are: transfers, sale, or cannibalization. It is recommended that each department offers excess personal property to other departments within the college. This practice will ensure that LC is getting the best benefit possible for all personal property.

**Transfers**

Assets can be disposed as a transfer either internally to another department or can be sent to the Property Inventory Department as surplus property. A Property Transfer Form should be completed before the transfer of the property is made. Before a computer can be sent to the property inventory department for surplus, departments need to arrange the “DBAND” of those items with the Information Technology Department (IT). No Computers without the IT department’s signature will be accepted for surplus.

**Surplus Sales**

Sales are scheduled by the Property Inventory Department. The sale of property received under a contract or agreement will be in accordance with the terms of the contract or agreement under which the equipment was provided. The Laredo College Asset Management Manual’s Guidelines must be followed prior to a surplus sale.

**Cannibalization**

Another method of disposal is to cannibalize a piece of personal property so that some of the parts can be used for other personal property. An example would be dismantling an old printer so that parts could be used to repair a similar printer. It is important to use the correct disposal method and to have the appropriate paperwork documenting the disposal of the property. All remaining parts that were not used to help repair another piece of personal property should be transferred to surplus as a non-inventory (zero value) item.

## Chapter 4 – Inventory Control

### Tagging of Inventory

All of the College's personal property shall be permanently marked as property of the “Laredo College”. Markings shall be considered permanently affixed when the marking can be removed only through considerable or intentional means. Professional judgment should be used to determine whether or not a non-inventory item should be tagged. Each item tracked on a unit basis must be assigned a unique individual property inventory number. Departments may not place a new piece of personal property into service with a property inventory number previously assigned to another piece of property, even if the previous item has been deleted from the inventory system.

An inventory number is to be assigned and permanently affixed to each personal property item whether received by a central receiving office or directly by a department prior to the item being placed in use or released outside the initial receiving activity. For an item received by a central receiving activity for a department, the inventory number will be assigned and permanently affixed by the Property Inventory office prior to the item being delivered or released to the property account. When Property Inventory assigns and permanently affixes the inventory number, the numbers will be recorded on the delivery document transmitted to the department. For an item received directly by a department, the inventory number will be assigned by the Property Inventory Manager and permanently affixed by the activity prior to the item being placed in use.

The inventory number must be permanently affixed to an item promptly upon receipt and acceptance, but not later than ten calendar days after receipt, unless prevented by unusual circumstances. Examples of acceptable reasons for not accomplishing such within the ten calendar days would be that the item had to be assembled, calibrated, or connected to a system before it could be inspected properly and placed in use.

The college may choose to track personal property using appropriate labeling methods as long as they meet guidelines established herein. Inventory tags with the words “Laredo College” must be placed in a highly visible position on the asset, where it is easily accessible during an inventory. The location of inventory labels should be consistent for all similar assets assigned to a department, in order to facilitate physical inventories.

### Securing of Assets

Each department head is responsible for ensuring that property is tracked and secured in the manner that is most likely to prevent the theft, loss, damage, or misuse of assets. Each department head should be diligent to ensure building security at all times. Departments must know where capitalized and controlled assets are located at all times, should have a method for locating any inventory item whether on-site or off-site under their control, and should be able to locate a given asset upon request. Personal property that is checked out to employees must be used for college purposes, and the responsibilities of stewardship and care of the property must be maintained at the department level. Each department should have a written procedure about checking out equipment and require each employee to sign for any property

when it is checked out. Please refer to the section on Loans under the Accountable Property Officer's (APO) responsibilities in Chapter 2 for more detailed information. All departments' procedures should be based on good business practices.

### **Storage**

The primary concern when storing property is providing security from theft or pilferage and protection against the elements, while maintaining the property in a serviceable condition and accessible location. The placement of property in storage does not normally relieve an Accountable Property Officer or an Alternate Accountable Property Officer of the responsibility for proper care, maintenance, and utilization of the property. The only exception will be when an item is placed in a Property Inventory warehouse type of storage which is under the jurisdiction of the Property Inventory Manager. In this case, the Accountable Property Officer will retain accountability for the property while the person in charge of the central warehouse facility, having received the property, assumes responsibility for the care and safeguarding of the property. Unless there are agreements to the contrary, the person in charge of the property inventory facility assumes responsibility for whatever maintenance is required for the property while in storage.

### **Utilization of Assets**

Federal equipment issued to or provided to the college is to be utilized in the manner for which it was originally furnished and authorized unless specific written exception is received from the grantor.

## Chapter 5 – Asset Categories

### Personal Property

Personal property is defined as fixed or movable tangible assets to be used for operations, the benefits of which extend beyond one year from date of acquisition and rendered into service. Costs of extended warranties and/or maintenance agreements which can be separately identified from the cost of the equipment should not be capitalized.

### Trade-Ins

When a piece of equipment is traded in or exchanged for a similar asset, a trade-in worksheet should be completed and kept as documentation for how to record the transaction on your books.

### Vehicles, Boats, and Aircraft

Another category of personal property is vehicles, boats, and aircraft. Texas Transportation Code Section 502 states that in order to have exempt license plates the name of the agency that has custody of the vehicle must be printed on each side of the vehicle, in letters that are at least two inches high or in an emblem that is at least 100 square inches in size. The letters or emblem must be of a color sufficiently different from the body of the vehicle to be clearly legible from a distance of 100 feet. Exceptions to the emblem/lettering requirement are generally granted for law enforcement vehicles, in accordance with Texas Transportation Code, Section 502.

The vehicle identification number (VIN) and license plate number should be recorded in the inventory management system. For inventory purposes a VIN number can be considered a serial number.

### Intangible Capital Assets

The college defines intangible assets to include items with all of the following characteristics:

- ✓ Normal (useful) life of greater than one year
- ✓ Lack of physical substance
- ✓ Assets of non-financial nature
- ✓ Intangible assets include:
  - ✓ Easements
  - ✓ Copyrights (as qualified below)
  - ✓ Patents (as qualified below)
  - ✓ Trademarks (as qualified below)
  - ✓ Computer Software
  - ✓ License agreements for computer software
  - ✓ Covenants not to compete



Copyrights, patents and trademarks may be classified and recorded as intangible assets only if they are acquired for the primary purpose of enhancing the quality of operational services of the college.

Copyrights, patents and trademarks not meeting this definition may not be classified as intangible assets.

## Chapter 6 – Frequently Asked Questions & Examples

### A. What to Inventory:

**Inventory** is an itemized list of furniture or equipment in which a Department Head is held accountable. Inventory includes all personal property.

According to the *SPA Process User's Guide (July 2014)*, "Furniture and equipment placed into service for operations with benefits extending beyond one year from date of acquisition. Improvements or additions made (to existing furniture or equipment) are capitalized if they meet the capitalization threshold."

**Additions** to existing personal property that become a component part of the asset and meet the capital or controlled threshold within a fiscal year, should be recorded as an addition of value to the existing asset.

**Replacement** purchases must meet the **capital** threshold within the fiscal year to be added to the value to an existing asset. If a replacement does not meet the capitalization threshold of \$5000.00 it should be coded non-inventory and the value will not be added to the existing asset.

#### Always inventory the following:

- All personal property valued at \$500 up to \$4,999.99.
- All capital items valued \$5,000.00 and above.
- All controlled (sensitive) items valued at \$250 up to \$4,999.99. (see page 3)
- Additions may be cumulative within a fiscal year that meets the controlled or capitalized item list.
- Costs required to putting the inventory item into service (e.g. freight, installation, labor & training).
- Constructed equipment that either meets the capitalization threshold or will be considered a controlled item.
- Warranties-considered a no-option purchase when included in the purchase price of the asset. They may or may not be a separate line item. **Do Not inventory** extended warranties-see below.

#### Do not inventory the following:

- Things not required putting the inventory item into service.
- Replacement parts unless they meet the capital threshold.
- Extended warranties should not be included in the asset cost. They are considered an optional purchase and not necessary to put the asset into service.
- Maintenance agreements. These are expenses such as multiple year protection plans with customer support. Maintenance and repair account codes should be used for them.

## **B. When trying to decide if an item should be inventoried, ask the following questions:**

### **1. Is it a Capital item?**

**Capitalized assets** are personal property. They must be inventoried and depreciated over their useful life. They have a single unit value of \$5,000 or greater and an estimated useful life of more than one year.

**Example:** A department purchases an automobile that costs \$15,000. The automobile will be permanently tagged, inventoried and capitalized because it costs more than \$5,000 and will last longer than a year.

### **2. Is it a Controlled item?**

The Laredo College has defined certain property that must be controlled regardless of their cost such as weapons and/or due to their value of \$250 up to \$4,999.99. A Controlled Asset is not a capitalized asset, real property, improvements to real property, nor infrastructure. They are not depreciated nor do they not affect the financial reports. However, they must be inventoried and tracked during the physical inventory due to their high-risk nature. The specified "Controlled/Sensitive" item cost less than \$5,000.00 and has a useful life of more than one year. Please see page 4 for a complete list of Controlled/Sensitive Assets.

**Example:** A department purchases a camera that costs \$350. Since cameras are mobile, they are listed under the Controlled Assets and must be permanently tagged and inventoried.

### **3. Is it an Inventoried item?**

The Laredo College has defined certain property that must be inventoried. An Inventoried asset is not a capitalized asset, real property, improvements to real property, nor infrastructure. They are not depreciated nor do not affect financial reports. However, they must be inventoried and tracked during the physical inventory if their unit value is \$500.00 but less than \$5,000.00 and have a useful life of more than a year.

**Example:** A department purchases a printer that costs \$800. Based on the printer's unit cost, the printer must be permanently tagged and inventoried.

### **4. What is a Non-Inventoried item?**

A non-inventoried asset is any furniture and/or equipment item that is valued at \$499.99 or less. These items will not be inventoried and/or permanently tagged by the Property & Inventory Department. When requesting a purchase order, LC departments will use account# 71008. A "Property of Laredo College tag will be placed on items for identification purposes.

**Example:** A department requests a purchase order for a printer that costs \$450. Since the printer is valued at less than \$500, the printer will not be inventoried nor permanently tagged.

### 5. Is the new item a replacement part for an item that is already on the department's inventory?

Only if the replacement part meets the capital amount threshold within the fiscal year will it be added to the value of the existing asset.

**Example:** A computer hard drive is broken. The department purchases a new hard drive that is exactly like the old one. The value of the new hard drive meets the capital object code threshold and will be added to the value of the computer as a replacement. Anything costing less than \$5000 would be coded non-inventory.

### 6. Was everything purchased at once and as a unit for one lump sum?

**Example A:** A department purchases computer equipment all together for a cost of \$2,000. This cost includes everything: monitor hard drive, keyboard, mouse, etc. Computers are controlled items and must be inventoried. In cases like this, since it would be difficult to value each item, and everything is necessary to operate the computer, all items will be inventory under one asset number for a total of \$2,000 even though the monitor and keyboard may be removed and used with other computers.

**Example B:** A department purchases computer equipment all together. Each item has a cost identified as shown below:

<b>Description</b>	<b>Quantity</b>	<b>Price</b>
Keyboard	1	\$20.00
Mouse	1	\$15.00
Monitor	1	\$500.00
Computer Station with the following specs: OptiPlex Gx150 Small Mini Tower: Gx150: Pentium Iii Processor 1.0ghz/133mhz 256k Cache, Integrated Sound	1	\$1,600.00
<b>Total</b>		<b>\$2,135.00</b>

In this case, due to the cost of the monitor being greater than or equal to \$500, there would be a need for two assets to be created one for the monitor (in the amount of \$500) and another for computer (in the amount of \$1635) to include the price for the mouse and keyboard.

### 7. Is there a procedure on how to entering and maintaining data in the Banner?

Please see Banner Fixed Asset Manual for further required information and screens available for all data entering, maintenance and inquiry.

## C. What is the process to purchase equipment with College funds?

### 1. What steps are required when purchasing equipment?

All equipment purchases must be requested and approved during the budget process.

### 2. What happens if an equipment item was not requested during the budget process?

If an equipment item was not requested during the budget process, the department will have to prepare a budget transfer with a justification of why the item is necessary. Once the budget transfer has been approved, the department can prepare a requisition to purchase the equipment item.

### 3. What signatures are required on the requisition to purchase equipment not approved during the College's budget process?

1) If the equipment is less than \$5,000, the requisition requires Executive Approval.

2) If the equipment is \$5,000 but less than \$25,000, the requisition requires President Approval. **The equipment purchase will also require an Agenda item to ratify the equipment list to the Board.**

3) If the equipment is \$25,000 but less than \$50,000, the requisition requires President Approval. **The equipment purchase will also require an award letter signed by the President of the Board of Trustees besides an agenda item to ratify the equipment list to the Board.**

4) If the equipment is \$50,000 or over, it requires Board Approval.

## Glossary

**Accountable Property Officer** - Individual responsible for the physical possession and control of all personal property entrusted to the departments' activities. The Accountable Property Officer (APO) is typically the Department Director.

**Alternate APO** - Designated by the Accountable Property Officer, the Alternate Accountable Property Officer performs the daily functions of property management for the department.

**Capital Asset** - Real, personal, or intangible property having a value equal to or greater than the capitalization threshold for the particular asset and having an estimated useful life of greater than one year.

**Controlled Asset** - Sensitive property that does not meet the capitalization threshold but that must be inventoried and tracked due to the nature of the item.

### Examples of controlled/sensitive assets: {but not limited to}

- Electronics/Electrical devices

- Audio (theater systems, receivers/amplifiers, speakers, sound bars, wireless headphones)
- Bluetooth speakers, IPod, docks & radios
- Smart Home Devices (Amazon echo)
- Drones (camera drones, toy drones, drone accessories)
- Cameras, Camcorders & Webcams
- Binoculars, Telescopes & Optics
- TV's, Video Players & Recorders
- Personal Computers (laptops, tablets, iPads)
- Smart Phones
- Projectors

- Firearms

- Handguns
- Rifles
- Shotguns

**Department** - Each Department is responsible for the control of and accountability for all personal property possessed by the Department.

**Equipment** - Any possession owned by or entrusted to a Department of the Laredo College having sufficient value to warrant inclusion in fixed asset financial reports or, due to the nature of the asset, is required to have management controls placed on it. Equipment does not include consumable items nor does it include real property. It can be a capital asset, controlled asset or inventoried asset.

**Fabricated/Constructed Equipment** - An item whose individual components may be valued at less than the capitalization limit; however, when they are put together into the finished, tangible asset, the cumulative cost should be capitalized

**Gift** - Donated assets that are recorded at the estimated fair market value at the gift date.

**Inventoried Items** - Personal property valued at less than \$5,000 per unit that is not required to be controlled by the State of Texas, but is required to be inventoried by the Property Inventory Manager.

**Loan** - The non-permanent reassignment of inventoried personal property that may be assigned and/or loaned to another department or individual for the official benefit of the Laredo College only – it can be temporary or long-term.

**Missing** - Equipment whose disappearance cannot be explained.

**Personal Property** – Please see Equipment.

**Pilfer able Item** - An equipment item that is highly susceptible to theft, loss or damage due to monetary value, intrinsic value, convertibility to unauthorized use, attractiveness or relatively small size.

**Real Property** - Land, buildings, facilities, improvements to land or buildings and infrastructure.

**Reasonable Care** - The minimum steps required to maintain the asset in an acceptable manner, ensure the security of an asset, ensure that an asset can be located at any time requested and ensure that the person responsible for an asset is known.

**Salvage** - Any equipment that through use, time, or accident is so depleted, worn out, damaged, consumed or outdated that it is obsolete and/or can no longer serve the purpose for which it was originally intended.

**Sensitive Item** – An item that is potentially harmful, hazardous and/or of high monetary value but can be easily converted to unauthorized use or disposal.

**Stolen** - Any equipment missing by theft, whether by forced removal, burglary, theft by employees or other criminal acts.

**Surplus** - Any equipment which is in excess of the needs of a department and which is not required for its foreseeable need. Surplus property may be new or used but must have additional useful life.