Amarillo College Fixed Asset Policy

Prepared for
Business Office Administration

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Basic Rules

Amarillo College capitalizes all instructional equipment, classroom and office furniture, and other equipment bought by the College. Amarillo College also capitalizes items donated to the College. The College adds the equipment to the fixed asset database when it meets the following criteria:

1. The equipment is movable.
2. The useful life is two years or more.
3. The cost of the item is: $500 for computer hardware; $1,000 or more for all other equipment; and all firearms, regardless of cost.

Amarillo College does not capitalize an aggregate of purchased items when a single item costs less than the capitalization floor.
NEW EQUIPMENT

EQUIPMENT PURCHASES

Recording New Equipment Purchases

Each purchase order issued for equipment items includes several information items. The purchase order shows the manufacturer’s brand name, model number, description, and the manufacturer’s cost for each item.

The Property Accountant, or his assistant, will assign to each item a property control number, asset type, asset category, and useful life. The useful lives shown in this code list, from NACUBO approved sources, were approved by the Amarillo College auditors during the audit of 1991-92.

The inventory staff records the property control number and the account number, including the object code, on the property identification form. We also record the brand name, item description, location, serial number, vendor and cost for each item. The property identification form contains blanks for approval signatures from the Property Accountant, Senior Accountant, and the Business Office Manager.

Delivery and Tagging of New Equipment

Amarillo College requests that each vendor deliver all new equipment to the Central Receiving Department. The Receiving staff contacts the Property Accountant when new equipment arrives in their area, and sets a time for the Inventory staff to tag the equipment. If the vendor delivers the new item to the ordering department, instead of the Receiving Department, the inventory staff contacts the chair of the ordering department to arrange a time to tag the new item. The inventory clerk records the property control number, serial number, and the location of the new item on the inventory copy of the purchase order, and
Responsibility

It will be the responsibility of any employee of the College who receives donated equipment to report that equipment to the Business Office Manager immediately.

Recording of Donated Assets

The Business Office Manager will inform the Property Accountant of the donated equipment. The Property Accountant will then see that the receiving department completes a property control form for the donated item.

The Property Accountant will determine the fair market value and useful life of the donated item. Determination of the fair market value will be with the department chair and information from local vendors. The useful life is determined from the NACUBO approved list.

Tagging Donated Assets

The inventory staff will place a property control tag on the donated item. The Inventory staff also enters the serial number and location for the donated item on the property control form and into the computer records. As with items bought by the College, the Inventory staff files the completed property control form for the donated item in the Business Office.
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RETIREMENTS

Definition

A retirement is any item of equipment which a department proposes to remove from the equipment inventory. The College classifies these items as scrapped, sold, traded-in, stolen, or obsolete. The Amarillo College Police Department completes an incident report for any stolen item. This incident report should accompany the property control form.

Retirement Procedure

General requirements
The department wishing to retire equipment must first complete the retirement/transfer request portion of the property control form. The department chair, and Business Office Manager must approve any requests for retirements. The Property Accountant determines if other departments in the College can use the equipment. If another department can use the equipment, the inventory staff completes a form to transfer the equipment to the other department.
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TRANSFERS

Definition

A transfer is the movement of equipment between two or more College departments. The sending and receiving department chairpersons must approve the transfers of equipment between departments.

Procedure

The department in possession of the equipment should complete the transfer request portion of the property control form and route the form to the sending department for approval. The sending department will then route the form to the Business Office.

The Business Office Manager approves all transfers, if the proposed transfer will provide better use of the equipment to the receiving department.

There will be no budgetary charges or credits for equipment transferred. However, if a transfer occurs within the same budget year as the original purchase, the receiving department receives the charge for the item.
INVENTORY CONTROL and RESPONSIBILITY

Control

The inventory staff makes all computer entries for all equipment additions, deletions, transfers, and other changes as they come in to the Business Office.

Each department chair is responsible for the equipment located in their department. The department will receive a listing of the inventory charged to the department on a yearly basis. This list is subject to audit by internal or external auditors at any time. If a department chair notices any discrepancies on the departmental listing, that chair should let the Property Accountant know immediately.

The inventory staff conducts an inventory for each department every other year. This inventory not only authenticates the equipment for the department, but also shows the items missing from the inventory reports of the department.

Inventory Balancing

Procedure

Initial entry and preliminary balancing

At the end of each month, the Property Accountant prepares a listing of all equipment items received during the month. The inventory clerk uses this report to balance the items bought to the inventory files. The clerk locates each purchase document, either the voucher or purchase order, as shown on the purchases report. After each purchase order is located, the clerk checks the tagging log and transfers the property control number, serial number and other items to the
inventory entry form. If an item does not have a property control number listed in the tagging log, the inventory clerk assigns a number to that item.

Once all items are identified and all information located, the inventory clerk enters all items into the Colleague Fixed Asset module and prints an inventory report for all items added that month. The clerk then balances the inventory report to the purchases report, noting any corrections which are needed. Once all items are in balance with the purchases, the clerk runs the monthly depreciation report. The clerk then posts all report in the proper binder and gives the binder and depreciation reports to the Property Accountant for approval.

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The Property Accountant takes all reports from the inventory clerk and prepares the monthly inventory balancing. The accountant enters the data from the current month into the proper area of the balancing worksheets and compares the totals calculated with the balances in the various General Ledger accounts. Once all balances are determined, the final balancing reports are printed and given to the Senior Accountant.