



Fixed Assets and Equipment Policy:

Approved By and Date:
Board of Trustees, 2-12-2018
Executive Leadership Team, 1-30-2018

The Kilgore College (KC) Board of Trustees recognizes the importance of providing guidance to account managers to fulfill their responsibility to administer, account for, and preserve the College's investment in property, plant and equipment. This responsibility extends across all departments.

Fixed Assets and Equipment Procedures:

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Definitions:

For the purposes of this policy, the following definitions are used:

Fixed Assets are items purchased for Kilgore College use costing \$5,000 or more and having an anticipated useful life greater than or equal to one year. This includes repairs or improvements made to equipment with original value greater than \$5,000 that alter its original state or original ability, or increases the useful life greater than or equal to One year.

Equipment represents items purchased costing \$500 to \$4,999 and having an anticipated useful life greater than or equal to one year.

Purchasing:

In accordance with Purchasing and Accounts Payable Procedures, all fixed assets and equipment are to be purchased with approved budgeted funds and are to be submitted and approved through the requisition process before items to be purchased are ordered. Purchase orders are produced by the Purchasing Department after a requisition for purchase has been properly approved. A copy of approved purchase orders is to be forwarded to the Receiving Department in anticipation of the item being delivered.

Receiving:

All deliveries of fixed assets and equipment are to be delivered to the Kilgore College Receiving Department at 108 Choice Street, Kilgore, TX 75662. Delivery may be made to another location where either an item is extremely large and is to be used elsewhere on campus, there may be risk of damage to an item if it not delivered directly to its location of use or installation on campus, or if

an item is to be used or installed at a location other than the Kilgore main campus.

Upon receipt, the Receiving Department is responsible to match items received to those on packing slips and approved purchase orders, inspect items received for damage, and determine whether received items should be inventoried as a fixed asset or equipment item. Items qualifying as fixed asset or equipment items are assigned an asset number and tag by the receiving clerk. The asset tag is placed on the item in a clearly visible location. The following information concerning the item is entered on the inventory system:

1. Asset identification number
2. Description of the asset
3. An asset serial number, if any
4. Acquisition Date
5. Acquisition Cost
6. Asset Class (computer, furniture, etc.)
7. Model number
8. Location identifier
9. Number of department responsible for the asset
10. Manufacturer name

Items qualifying as fixed assets are communicated to the Business Office with the above information so that the item may be recorded as a capitalized asset.

The asset is then delivered by the Receiving Department to the department responsible for the item.

Accounting for Fixed Assets:

Upon receipt of information from the Receiving Department concerning the purchase and receiving of a fixed asset, the accountant in the Business Office responsible for fixed asset account will enter all applicable information into the fixed asset accounting system for inclusion in the fixed asset listing and the calculation of appropriate depreciation in the accounting records.

Additionally, the accountant responsible for fixed asset accounting will review at year end with Business Office management the listing of all purchases coded to equipment expense (object code 6710) and capitalized equipment (object code 6715) to ensure that these items purchased have been properly classified in accordance with their respective definitions and accounting treatment.

Fixed Asset Inventory Report Verification:

The fixed asset physical inventory is accomplished through the following steps:

1. Annually, the Business Office will send a listing to responsible departments a listing of those fixed assets that are to be in the departments' possession. This listing should include all information necessary for the department to successfully individually identify each asset.
2. Departments have 30 days to complete the inventory. It is in the best interest of the departments to conduct their physical inventories in the shortest possible time period to avoid the problems and extra work arising from the movement of inventoried equipment.
3. The physical inventory involves verifying the physical existence, tagging, accuracy of the description, serial number, and location on the inventory report listing.
4. As each item is verified and is correct, the item is "checked" on the report.
5. For those items verified but with inaccurate or missing information, the department should make note of the correction on the report.
6. If an item is not found, the department should make a "not located" note on the property

inventory report. During the inventory period, departments are expected to make a thorough search for the item(s).

7. The departments' inventory reports should be returned to the Business Office to assist in correcting the master listing.

Responsibility:

Division Deans and department heads will be responsible for the control of all fixed asset items for their areas and should know where all items are located.

Division Deans and department heads will be responsible for completing the annual inventory of fixed assets and making corrections to the printout of the fixed asset inventory supplied by the Business Office. During the year all items, which have been lost, stolen, destroyed, become obsolete or transferred, will be reported immediately to the Business Office so that accounting for these changes can be made on a timely basis or reported to the KC Police Department for further action as appropriate.

Disposal of Assets:

When a department identifies an equipment that is either obsolete or no longer needed, that department is to contact the Environmental Safety, Construction & Facilities Manager ("Facilities Manager") to request the removal of the equipment from their department. If it is determined that the equipment is not needed elsewhere at the College, the Facilities Manager will enter a work order with the third party facilities contractual entity ("SSC") to have the equipment removed from the department and to the facilities warehouse where excess equipment is stored. At a later date, when a sufficient amount of excess equipment has been accumulated in the warehouse, the Facilities Manager will conduct the sale or disposal of equipment in accordance with State of Texas regulations for the sale or disposal of property.

Computer and Technology Equipment:

The Information Technology Department will maintain a system of identification for the technology-related assets of the College. This will include asset identification numbers and other such information needed to individually identify and locate all technology items. This listing will include both technology items which have been capitalized as fixed assets and items classified as equipment expense when purchased by the College. As a component of this system, the Information Technology Department has implemented and will maintain a system of auto-identification of individual laptop and personal computers which regularly monitors the existence and location of these devices used on the College campus. Due to their cost of purchase typically being less than \$5,000, individual laptop and personal computers would not normally be included on the fixed asset listing as capitalized equipment.

