AGENDA ITEM 8.C.

RE: Approve Modification to Laredo College Policy CDB (LOCAL) – Accounting Inventories

STAFF RECOMMENDATION: It is recommended that the Board of Trustees approve the proposed modification to Laredo College Policy CDB(LOCAL) – Accounting: Inventories, increasing the capitalization threshold for individual capital assets from $5,000 to $10,000.

BACKGROUND: Laredo College Policy CDB(LOCAL) establishes the capitalization threshold used by the College for purposes of classifying individual capital assets.
The Administration has reviewed the College's existing capitalization threshold and recommends increasing the threshold from $5,000 to $10,000. The proposed modification will allow the College to more appropriately distinguish between capital assets and items that should be expensed in the period purchased, while improving the efficiency of accounting, inventory, and fixed asset management processes.

Under the revised policy, individual assets with an acquisition cost of $10,000 or more will meet the College's capitalization threshold. The College President or designee will continue to have authority to determine the capitalization threshold for a group of assets when the individual cost does not exceed the established threshold but the aggregate cost is significant.

The proposed modification is intended to streamline administrative processes associated with the accounting and tracking of capital assets while maintaining appropriate internal controls and accountability over College property.

BUDGETARY CONSIDERATIONS: The modification will change the accounting classification of certain purchases between capital assets and operating expenditures. The change does not, by itself, authorize additional expenditures or increase the College's operating budget.

CONTACT PERSONS:
Dr. Minita Ramirez, President
Mr. Cesar E. Vela Jr., CPA, Vice President of Finance and Administration
Ms. Mary Mendiola, Director of Property Inventory