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Chapter: Fiscal and Administrative Affairs Modification No. 001

Subject: Fixed Asset Management

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I. Capital Assets, Capitalization Policy and Capital Asset Management

A. Definition – Capital vs. Non-Capital

1. Capital Assets (Moveable Item)

Capital assets shall be any unit of equipment, furniture, instrument, machine, apparatus, personal computer and related equipment that is non-expendable, has a durable life expectancy of at least two years, is complete in itself, does not lose its identity or become a component of the building where it resides, and has a unit acquired cost of \$5,000 or greater.

2. Non Capital Asset

In the following circumstances tangible personal property with a unit cost of \$1,000 to \$4,999 (non-capital items) such as desktops, laptops, servers, workstations (including routine operating systems software installed by the manufacturer), printers, and scanners will be classified as equipment for tracking purposes only in the Information Technology's Asset Management System even though they do not meet the criteria for capitalization. This is done because of the quantity and overall College-wide dollar value of such items. These items will be considered expendable on the College's financial records and reported as such in the College's Financial Statements. These items are not capitalized and are not subject to depreciation charges.

B. Capitalization Policy

The College will capitalize all acquisitions which meets the criteria of a capital asset with a unit value of \$5,000 or greater and has a useful life of at least two years. With the exception of donated assets, capital assets are accounted for at the original acquisition cost which includes the purchase price and/or constructed cost, plus any incidental costs incurred to place an asset in service. Donated assets are recorded at fair market value at the date of donation. All items deemed to be capital assets will be tagged with an appropriate property control tag and placed in the property control inventory system to be depreciated in accordance with Generally Accepted Accounting Principles (GAAP). Capitalized items and their related depreciation are recorded as assets in the Fixed Asset Plant Fund. Other capital assets which include acquisitions of land, buildings and improvements (including alterations, renovations, renewals, replacement, construction in progress, and infrastructure) are identified through the capital project process and are capitalized for inclusion in the Fixed Asset Plant Fund.

C. Capital Asset Inventory Management

1. Property Control

- a. The Office of Business Services will maintain a property control system of all capital assets which have met the capitalization criteria. The property control system will be managed in accordance with Federal, State and College Policies and Procedures. All equipment shall be used for Board of Trustees' purposes only.
  - b. Equipment acquired through governmental grants must be maintained in accordance with grant guidelines. Additionally, a unique numbering system will be used to identify those items.
  - c. Whenever it is determined that equipment has become surplus, obsolete, unusable or scrap, the Chief Business/Financial Strategy Officer may recommend disposal by trade-in, sale by formal bid procedures, direct sale, spot bid, donation to tax exempt institutions, or public auction or enter into a contractual agreement with another governmental unit for disposal where the cost for storage and disposal exceeds the estimated sale amount. If the Director determines that the property has no real or scrap value, it may be disposed of at a public refuse facility.
2. **Asset Management for Information Technology Equipment**
- The Office of Asset Management under the direction of the Chief Information Officer will be responsible for maintaining an asset management system that will track all Information Technology tangible equipment purchases whether the item is deemed a capital asset or not.
3. **Authority**
- a. Only the Board of Trustees may authorize disposal of property when sale is expected to exceed the amount that qualifies as a "Small Procurement" (\$25,000).
  - b. Chief Business/Financial Strategy Officer may authorize disposal of property when sale is expected to qualify as a "Small Procurement" (\$10,000 - \$25,000).