

Davis Applied Technology College: A Utah College of Applied Technology Campus Property and Fixed Asset Accounting

Effective Date: 25 March 2010

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1. Purpose/Background

To provide policy for the management of fixed assets of the Davis Applied Technology College: A Utah College of Applied Technology Campus (DATC).

2. References:

2.1 Utah Department of Administrative Services Rule R28-1 State Surplus Property Disposal

2.2 Board of Regents Policy and Procedure R558, Surplus Property

2.3 Utah Code Annotated Section 63A-9-802, State surplus property program – participation by institutions of higher education.

3. Definitions

3.1 Property – Equipment, material, supplies, land, land improvements, buildings or building improvements purchased with any funds administered by the DATC, acquired from the State Department of Facilities Construction and Management or bequeathed or contributed to the DATC.

3.2 Fixed Asset Property – That property to which title is vested in the DATC whether purchased with College funds or acquired by bequest or gift having an acquisition or donated value of \$3,000 or more per unit and a useful life in excess of two years.

3.2.1 Fabricated Equipment – Equipment that is constructed by combining or assembling modular components and/or materials into one identifiable unit. When completed, each component loses its individual identity and the end product becomes an identifiable single unit. Typically, such equipment is made or designed in-house for a specific purpose. In order to be capitalized, the finished product must have a cost of \$3,000 or more per unit and a life expectancy of more than two years.

3.3 Real Property – Land, buildings and related improvements purchased with DATC funds, bequeathed or donated to the College or from DFCM.

3.4 College Campus Funds – Funds administered by the DATC without regard to source of such funds.

3.5 Retirement/Transfer Form – An official DATC document that is used to transfer property/equipment from one department to another and/or to retire property/equipment from a department's inventory records. The Retirement/Transfer form may be obtained in the Fiscal Office or on the DATC website.

3.6 Capital Equipment – Equipment having an acquisition or donated value of \$1,000 or more and a useful life in excess of two years.

3.7 Inventoriable Property – Property that has an acquisition value of \$500 to \$2,999 per unit, and would be considered to have a high pilferage potential. This includes all laptop computers, PDA's, digital cameras, projectors, etc. regardless of acquisition source or value, to help protect the personal and proprietary information that they may contain. These items will be assigned tag numbers and added to the department equipment list.

3.8 Property Custodian – Employee designated as the person responsible for fixed asset property within a department or program.

4. Policy

4.1 Inventory Records – The DATC will maintain inventory records on all fixed asset and inventoriable property, including real property.

4.2 Reporting Requirements of Property

4.2.1 It is the responsibility of each department or program which acquires, holds, or disposes of property to ensure that such property is:

4.2.1.1 Properly reported when acquired. (through purchase, donation or transfer)

4.2.1.2 Properly inventoried and safeguarded.

4.2.1.3 Properly reported at time of disposal.

4.2.2 It is the responsibility of each department or program which purchases fixed asset or inventoriable property to attach the inventory tag to the property and record the location on the “New Fixed Assets” form.

4.2.3 The Foundation Office shall forward a “Donation Receipt” and “Non-Cash Donation Valuation” form to Accounting when property is received by gift or bequest.

4.2.4 Historical cost is the basis for valuing fixed asset property. Historical cost is the cash or cash equivalent price of obtaining the property and getting it ready for its intended use, including freight charges, installation costs, etc. For land and buildings it includes purchase price, closing costs and all fees and other costs to ready the land and/or building for its intended use.

4.2.5 Fixed asset property donated to the DATC is recorded at its documented fair market value at the time of the donation. (Not purchase price of a new similar item.)

4.2.6 The DATC must maintain records for all property purchased under training grants and contracts and comply with all regulations relating to such property. This obligation to the awarding agency continues until the project is terminated or until the expiration of the useful life of the property, whichever is required by the awarding agency. The grant administrator is responsible for inventorying and safeguarding the assets.

4.2.7 Status of title to fixed asset property acquired under a grant or contract shall be determined at the time of acquisition. Generally, title is either:

4.2.7.1 Vested in the DATC at the time of acquisition.

4.2.7.2 The DATC on a permanent basis, generally upon completion of the project.

4.3 Transfers of fixed asset property

4.3.1 Fixed asset property may only be transferred to another institution if the DATC has no need for the equipment, the new institution agrees to purchase the equipment at a fair market value, and the approval of the cognizant Vice President over the department transferring the equipment is obtained, consistent with laws governing state property.

4.3.2 Fixed asset property may be transferred from one DATC department to another, with the agreement of both departments through the completion of the “Inventory Equipment Transfer” form.

4.4 Disposal of Property

4.4.1 It is the policy of the DATC to dispose of property in a manner that will maximize the return or benefit to the DATC, consistent with laws governing state property.

4.4.2 Departmental sale of property, except to another DATC department is prohibited.

4.4.3 The DATC will submit to the State Division of Fleet Operations a listing of surplus property available for outside sale at least 15 days prior to the intended sale date.

4.5 Property Location, Maintenance and Use

4.5.1 Departments shall maintain records identifying the current location of each item of fixed asset property to allow any item to be located within a reasonable time.

4.6 Security and Losses

4.6.1 The head of the cognizant department and the property custodian are responsible to adequately provide for physical security of property in their custody. Special precautions shall be taken to safeguard portable and high pilferage property.

4.6.2 Loss, theft or destruction of property must be reported within twenty-four (24) hours of discovery to the Director/Manager over the department as well as the Manager of Facilities Services. Loss of fixed asset property must also be reported to the Fiscal Services department by the cognizant department before the items can be removed from the department's inventory. The report must include applicable inventory numbers, and in the case of theft, the policy case number/report.

4.7 Verification of inventory of fixed asset property.

4.7.1 At least annually, the Fiscal Services Office will conduct a physical inventory of all fixed asset property. Departments will be responsible to verify and complete the required inventory according to established procedures. Unlocated property will not be removed from the department list without verification of diligent effort by the Director/Manager and approval by the cognizant Vice President. Random physical inventories may be performed by Director/Managers or Fiscal Services personnel at any time.

5.1 Estimated Useful Lives

5.1.1 Property plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	1-30
Portable Classrooms	25
Equipment	5-15
Vehicles	5-10
Furniture	10
Computer Equipment	3-5