

STOCKTON UNIVERSITY

POLICY

Fixed Assets

Policy Administrator: Controller

Authority:

Effective Date: January 11, 1977; June 15, 2009; February 16, 2011

Index Cross-References:

Policy File Number: VI-42

Approved By: Board of Trustees

1.00 Purpose

The University has a significant investment in fixed assets (land, buildings, infrastructure, and equipment) used to carry out its mission. In addition to the main campus, the Stockton University maintains several off-site facilities including, but not limited to, Nacote Creek Marine Station and the Carnegie Library and several parcels of undeveloped land. The purpose of this procedure is to ensure that the University's fixed assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, and applicable accounting pronouncements. This procedure is necessary to effectively manage and control assets and to comply with Federal, State, and University

- 2.5 ***Fixed Assets*** - A general term which includes all types of fixed assets: land, buildings, improvements, infrastructure, construction in progress, equipment, and certain internal-use software.
- 2.6 **Controller's Office** - Individuals within the area of the Fiscal Affairs Department are responsible for accounting and financial reporting of fixed assets, including related debt and management of surplus property.
- 2.7 ***PO*** - Purchase Order.
- 2.8

Track computer equipment and report the status to The Controller's Office during the annual physical inventory.

3.3 Departments

To conduct an annual physical inventory and provide results for updating the official fixed asset records.

To report regularly to The Controller's Office (Using the Property Transfer Request form) equipment transfers from one department to another department, equipment relocation to a different building, or property disposals as a result of trade-in, cannibalization for parts, theft, or other insurable loss.

4.00 Capitalization Policy

With the exception of donated assets, fixed assets are accounted for at the original acquisition cost, which includes the purchase price or constructed cost, plus any cost incurred to place an asset into service. Interest is capitalized on assets that are constructed or otherwi.8 (r)3.ea18.7 (inx.6 (r)12.2 (e)3.628.5 (ha9os)8.4 o)21.3 (e)3.6

4.10 Infrastructure

The capitalization threshold for infrastructure is \$10,000 for major systems.

Road systems

- Pavements
- Traffic control devices
- Signage
- Curbs
- Sidewalks

Water Systems

- Main lines
- Distribution lines
- Fire hydrants
- Water meters
- Valves, joints, bends

Drainage Systems

- Catch basins
- Storm drains
-

Improvements such as pavements, streets, sidewalks and storm drainage systems, are charged to Infrastructure because they are relatively permanent in nature, normally can be preserved for a longer life than most other capital assets and are maintained and replaced by the University. Infrastructure improvements are capital events that materially extend the useful life or increase the value of the infrastructure, or both. Infrastructure improvements should be capitalized and recorded as an addition of value to the infrastructure if improvement or addition of value is \$10,000 or more. Depreciate the amount of improvement over the remaining life of the asset using the component unit relationship. If the improvement increases the life of the asset, the asset takes on a new useful life. If the \$10,000 was expended intermittently throughout the year, it should probably be considered an expense rather than a capital improvement; intent being the determining factor.

Infrastructure funded through a joint venture between the University and other governmental entities should be capitalized by the entity responsible for future maintenance (to bear the benefit and burden of ownership).

Additions and improvements are those capital outlays that increase the capacity or efficiency of the asset. A change in capacity increases the level of service provided by an asset. For example, additional lanes can be added to a highway or the weight capacity of a bridge could be increased. A change in efficiency maintains the same service level, but at a reduced cost. For example, a heating and cooling plant could be reengineered so that it produces the same temperature changes at reduced cost.

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4.12 Equipment

Equipment is either a fixed or movable tangible asset to be used for operations, the benefits of which extend beyond three years from date of acquisition and rendered into service. The capitalization threshold for equipment is \$5,000. Improvements or additions to existing equipment that meet the capitalization threshold and increase the value or life of the asset by 25 percent of the original cost or life should be capitalized and recorded as an addition of value to the existing asset using the component unit relationship. The useful life of the original asset may be modified to reflect an increase in useful life. The useful life of the addition or improvement should generally not exceed that of the original asset. However, if the improvement is not an integral part of the original asset, it may possess a different useful life. For example, new memory in an existing file server that can be moved to another file server if necessary.

Acquisition Costs Include the Following:

- Original contract or invoice price
- Freight charges
- Import duties
- Handling and storage charges
- In-transit insurance charges
- Sales, use and other taxes imposed on the acquisition
- Installation charges
- Charges for testing and preparation for use
- Costs of reconditioning used items when purchased
- Parts and labor associated with the construction of equipment

4.13 Works of Art and Historical Treasures

All works of art and historical treasures acquired of fee assets are reported as Auras H(r)3upd s tru

4.16 Construction in Progress

Construction in progress reflects the economic construction activity status of buildings and other structures, infrastructure (roadways, energy distribution systems, pipelines, etc.), additions, alterations, reconstruction, installation, and

5.2 Tagging Equipment

Following assignment of tag numbers, the departmental fixed asset coordinator is contacted to schedule an appointment for tagging if the assets are not received directly by Central Stores. Information identifying the equipment is provided when the appointment is set up. Tagging should be completed within 30-45 days following acquisition of the equipment. Tagged assets are listed on departmental inventory reports that are updated annually by departments through the ughps ill fi93

6.2 Disposals

Loss or Theft -

8.00 Surplus Property

All University property that is determined to be excess, unwanted, or can no longer be utilized by a department is eligible for direct transfer to other campus departments or must be transferred to Surplus Property. The Surplus Property Coordinator redistributes and disposes of surplus property in compliance with state and University policies and procedures.

8.1 Transferring Items to Surplus Property

The following subsections provide procedures for transferring items to Surplus Property.

8.2

8.4 University Vehicles Transferred to Surplus Property

9.00 Form Preparation and Submission

9.1 PROPERTY TRANSFER REQUEST FORM

9.2 Required

The University requires completion of this form when a department transfers equipment to another department, transfers equipment to Surplus Property, moves equipment to a different building, or disposes of property as referenced in 6.00 Equipment Transfers & Disposals. The Property Transfer Request form represents the main communication tool between departments, regarding the transfer or disposal of property.

9.3 Where to Obtain a Blank Form

An electronic blank form and instructions are available on Stockton's website.

Send original completed form to the Central Store and retain one copy for departmental use.

For more information, contact the Central Store at (209) 941-3100.

Approval History:

	Date
Board of Trustees	2/16/11