

Policy III.3001.H, Fixed Assets

Purpose

To ensure that the College's fixed assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with appropriate accounting and regulatory requirements.

Policy

Fixed assets are expenditures for property, plant, and equipment used by the College that have a useful life of more than a year and cannot easily be converted into cash. Capitalization of expenditures as fixed assets for the College will occur when an item has a useful life of two years or more, and when the cost exceeds \$5,000 or more. If the individual acquisition cost is less than \$5,000 but the total purchase price of similar assets is \$100,000 or more, the group of assets should be capitalized.

The College capitalizes renovations in excess of \$100,000 to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense is incurred. Major capital projects are recorded as Construction in Progress (CIP) until substantially completed, at which time the College will capitalize these projects as fixed assets.

GENERAL

Categories

Fixed assets, which meet the appropriate cost and useful life criteria, are grouped in the following categories:

- Buildings—a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or movable.
- Land—real property acquired by purchase or gift and is characterized by an unlimited useful life.
- Land Improvements—all improvements to land other than buildings - site preparation that ready land for its intended use, parking lots, fencing, gates, and athletic fields.
- Furniture, Machinery, Other Equipment, and Vehicles - trucks, vans, cargo vehicles, major equipment, audiovisual equipment, copiers, kitchen equipment, and instructional equipment.
- Telecommunications and Peripherals—computer hardware and related accessories.
- Library Books—periodicals, texts, journals, books of reference, and other books for use in the library.

Inventory

To ensure that all capitalized assets have been properly recorded and tracked, the District Business Office will conduct an on-going biennial inventory of all fixed assets. The fixed assets

in a department will be accounted for/inventoried every two years, but not all departments will have a physical inventory during the same time of year.

Upon completion of an inventory, a summary of reconciliation items will be presented to the Department Chair/administrator for review, comment, and resolution.

Depreciation

The College uses the straight-line method for all depreciation and amortization calculations for all depreciable fixed assets (land and CIP are not depreciated) over the expected useful life of each asset category.

Retirement, Sale, or Disposal of Property

The College may dispose of surplus property provided that such goods are disposed of in accordance with applicable federal, state, and local laws.

The Authority, Applicability, Sanctions, Exclusions, and Interpretation do not differ from Policy II.2000.A, Policy and Procedures Development, Review, Revision, and Rescission.

Associated Procedures

Procedure III.3001.H.a, Fixed Asset

Date of Board Approval	January 31, 2022
Effective Date	February 1, 2022
Primary Owner	Vice Chancellor, Fiscal Affairs
Secondary Owner	Associate Vice Chancellor, Finance