

Dixie Technical College Property and Fixed Asset Accounting

Effective Date: May 2018

Board Approval: May 2018

1. Purpose/Background

To provide policy for the management of fixed assets of the Dixie Technical College (Dixie Tech).

2. References:

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

2.2 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 Dixie Tech, acquired from the State Department of Facilities Construction and Management, donated or contributed to the Dixie Tech.

3.2 Fixed Asset Property – That property to which title is vested in the Dixie Tech whether purchased with College funds or acquired by bequest or gift having an acquisition or donated value of \$5,000 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. 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 \$5,000 or more per unit and a life expectancy of more than two years.

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

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

3.5 Inventoriable Property – Property that has an acquisition or donated value of \$500 to \$4,999 per unit, has a useful life in excess of one year, 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. These items will be assigned tag numbers and added to the department equipment list.

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

4. Policy

4.1 Inventory Records – The Dixie Tech 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 that 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 that purchases fixed asset or inventoriable property to attach the inventory tag to the property and record the location.

4.2.3 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.

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

4.2.5 The Dixie Tech must maintain records for all property purchased under training grants and contracts and comply with all regulations relating to such property. The grant administrator is responsible for inventorying and safeguarding the assets.

4.2.6 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:

4.2.6.1 Vested in the Dixie Tech at the time of acquisition.

4.2.6.2 The Dixie Tech 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 Dixie Tech has no need for the equipment, the new institution agrees to purchase the equipment at a fair market value, and the approval of the 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 Dixie Tech 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 Dixie Tech to dispose of property in a manner that will maximize the return or benefit to the Dixie Tech, consistent with laws governing state property.

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

4.4.3 The Dixie Tech 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 inventoriable and 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 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 highly stolen items.

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 Finance Office. 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 Finance 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. Director/Managers or Finance Office personnel may perform random physical inventories at any time.