

## **POLICY FOR FIXED ASSETS**

Property, plant and equipment represent important asset values of an organization and the actual physical presence of the asset should be compared periodically with the perpetual records. Therefore, it is imperative that the accounting and management of these assets be uniform, consistent, and accurate.

## **DEFINITION OF FIXED ASSETS**

At Oakwood University, an item is classified as a fixed asset if it has a total cost of \$2,000.00 or more and has a useful life of two years or more.

Annual library book purchases are classified as fixed assets and capitalized at cost.

Donated items that are used by the institution are classified as fixed assets if the total value is \$2000.00 or more.

Items leased according to capital lease guidelines are capitalized as fixed assets.

Administrative software that meets the \$2000.00 cost guidelines is also classified as fixed assets.

## **RESPONSIBILITY:**

- Oakwood University owns the asset, but the care, upkeep, and accountability of the assets are the responsibility of the user department.
- ALL assets purchased by Federal or Sponsored Program funds are the property of the federal government or the respective awarding agency. In this regard, Oakwood University is the custodian of these assets and in turn, the accountability of these assets is the responsibility of the user department.
- If an asset purchased with Federal or Sponsored Program funds is lost or stolen while in the custody of Oakwood University, it will be the responsibility of the user department to replace the asset by using funds from its institutional budget.
- Upon payment of an asset, the Fixed Asset Accountant will assign an identification number, physically tag the asset, and gather other key information that may be necessary for accurate record keeping.

## **MOVING**

Moving an asset from one department to another **MUST** be coordinated with the Fixed Asset Accountant through the completion of an approved Equipment Moving Form. This form must be approved by the Division Vice President and submitted to the Fixed Asset Accountant for appropriate accounting entries.

## **DISPOSAL**

Disposal of an asset; whether by sale, trade-in, storing, junking, or theft, **MUST** be documented by the completion of an Asset Disposal Form. This form must be approved by the Division Vice President and submitted to the Fixed Asset Accountant for appropriate accounting entries.

**ASSETS PURCHASED WITH FEDERAL FUNDS ARE NOT TO BE DISPOSED OF BY THE USER DEPARTMENT EVEN IF THEY ARE FULLY DEPRECIATED. THE DIRECTOR OF TITLE III MUST APPROVE ALL MOVEMENT OF ASSETS PURCHASED WITH TITLE III FUNDS BY HIS/HER WRITTEN PERMISSION BEFORE ANY ACTIVITY CAN TAKE PLACE ON THESE ASSETS.**

**ASSETS PURCHASED WITH SPONSORED PROGRAM OR OTHER RESTRICTED FUNDS ARE NOT TO BE DISPOSED OF BY THE USER DEPARTMENT EVEN IF THEY ARE FULLY DEPRECIATED. THE DIRECTOR OF SPONSORED PROGRAMS MUST APPROVE ALL MOVEMENT OF ASSETS PURCHASED WITH RESTRICTED FUNDS BY HIS/HER WRITTEN PERMISSION BEFORE ANY ACTIVITY CAN TAKE PLACE ON THESE ASSETS.**

## **CAMPUS-WIDE INVENTORY**

- The institution conducts a campus-wide physical inventory of assets once a year. Each department head must accurately account for all assets charged to his/her department and document all exceptions, such as disposed or moved equipment still charged to the department, equipment transferred to the department not listed, and new equipment not yet listed.
- The Fixed Asset Accountant uses this information to update the accounting records for purposes of the annual audit.
- There is periodic review of our records on a random basis and it is imperative that the inventory records agree with the physical check. It is also imperative that we receive a completed inventory report from ALL departments.

## **ESTIMATED LIFE**

For purposes of depreciation the institution groups its assets in a number of classifications and assigns a useful life to each classification. The following table gives our current classification and assigned useful life.

<b>Classification</b>	<b>Useful Life</b>
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Buildings	35-50 years
Building/Land Improvements	20 years
Library Books	10 years
Machinery	10 years
Furniture, equipment & appliances	7 years
Carpeting	5 years
Vehicles	4 years
Computers, software & A/V equipment	3 years
Land	Not Depreciated.