Policy

6-8013 Control of Fixed Assets

An up-to-date fixed assets inventory shall be maintained. Overall responsibility for this function rests with the Executive Vice Chancellor.

The Chancellor is delegated the authority to act as the Board’s negotiator regarding all property management matters that are necessary for the benefit of the district. No transaction regarding the lease, sale, use or exchange of real property by the District shall be enforceable until acted on by the Board itself.

The Chancellor shall establish such procedures as may be necessary to assure compliance with all applicable laws relating to the sale, lease, use or exchange of real property by the District.

Reference:
Education Code Sections 81300 et seq.

Adopted: June 28, 2004
6-8013 Control of Fixed Assets

I. The Depreciation Method used by the District will be the “straight line” method for depreciating Fixed Assets. Depreciation is to be calculated as of acquisition date.

II. Fixed Asset Categories, Useful Lives, and Thresholds.

A. YCCD will use the following table to determine useful lives and thresholds for the various Fixed Asset categories.

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Useful Life</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Land (Site) Improvements</td>
<td>10 years</td>
<td>$100,000</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>n/a</td>
<td>$500,000</td>
</tr>
<tr>
<td>Buildings</td>
<td>50 years</td>
<td>$150,000</td>
</tr>
<tr>
<td>Building Improvements/Additions</td>
<td>30 years</td>
<td>$100,000</td>
</tr>
<tr>
<td>Mobile Buildings</td>
<td>25 years</td>
<td>$50,000</td>
</tr>
<tr>
<td>Equipment (including vehicles)</td>
<td>8 years</td>
<td>$5,000</td>
</tr>
<tr>
<td>Technology Equipment</td>
<td>3 years</td>
<td>$5,000</td>
</tr>
<tr>
<td>Historical Treasures</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Software</td>
<td>3 years</td>
<td>$5,000</td>
</tr>
<tr>
<td>Library Books</td>
<td>7 years</td>
<td>None</td>
</tr>
</tbody>
</table>

III. Cost Basis. Assets are valued at historical cost.

IV. Fixed Asset Database.

The Senior Accountant will maintain the YCCD Fixed Asset database. Additions to the database will be entered using actual vendor payment information.

Questions concerning asset classifications and inventory process will be discussed by the Fixed Asset Committee which is comprised of the Senior Accountant, Director of Purchasing, and Internal Auditor. The Controller will make final determinations, when necessary.

The Senior Accountant will run depreciation calculations and final Fixed Asset reports at year-end. This information will be included in the District’s annual financial statements.

A. Accounting

Equipment-type items costing less than $5,000 must be charged to object code #56400. Equipment costing $5,000 or more must be charged to new object code #56450.

B. Receiving
Non-electronic equipment items costing less than $5,000 that are pilferable should be labeled “Property of YCCD.” Electronic equipment items costing less than $5,000 (e.g., computers, printers, cameras, etc.) will be tagged with a “Property of YCCD Tracking #XXXXX” label, which includes a tracking number for warranty purposes only. Receiving will tag equipment items costing $5,000 or more with an asset number/bar code sticker for inventory purposes. If the dollar amount is close to the $5,000 threshold, Receiving should consult with Accounting. If total cost of an individual item, including tax, shipping, etc., totals $5,000 or greater, an asset number tag will be used.

After tagging electronic equipment items costing less than $5,000, Receiving will key the corresponding Tracking Number and Purchase Order Number into a spreadsheet for warranty tracking purposes. Media will use this data along with the Datatel system to see if equipment repairs are covered under warranty. Data may be purged for equipment after it becomes more than three (3) years old, as it will no longer be covered by warranty.

C. Accounts Payable

After the final invoice is paid for an equipment item costing $5,000 or more, Accounts Payable will give a copy of the Purchase Order to the Senior Accountant so that the item can be entered into the database. Equipment items costing less than $5,000 will not be entered into the inventory system. Data to be entered into the inventory system is as follows:

1. Asset #
2. Purchase Order #
3. Vendor Name
4. Manufacturer
5. Description
6. Amount (including installation costs, shipping costs, and sales tax)
7. Model #
8. Serial #
9. Program #
10. Responsibility code
11. Location (Site, Building, Room)
12. Special Funding (e.g., Federal Grant, Economic Development Grant)
D. Internal Audit

At the end of the fiscal year, the internal auditor will verify that the total amount of current year additions to the inventory system correlates to the charges to object code #56450.

E. Special Considerations

1. **Department Determinations.** The location of the equipment will determine the department code, not the source of funding.

2. **Federal Equipment Determination.** If a federal program helps fund a piece of equipment greater than $5,000, the equipment is only considered to be “Federal” if the Federal Grant’s share equals or exceeds $5,000.

3. **Trade-ins.** Trade-ins appear on requisitions as a credit on the purchase of a new piece of equipment. Trade-ins must be removed from the inventory system, and new equipment must be entered into the inventory system at cost before trade-in. Senior Accountant will maintain a file of trade-ins for internal audit purposes.

4. **Transfers and Disposals.** Departments must complete the electronic Asset Transfer form or notify Receiving by e-mail of any transfers or disposals of equipment.

5. **Furniture.** Individual furniture items costing $5,000 or more must be charged to object code #56450. Workstations comprised of individual parts each less than $5,000 should be charged to object code #56400.

6. **Additions to Existing Equipment.** When an item with a value greater than or equal to $5,000 is purchased and added on to an existing piece of equipment:

   a) If both items were purchased in the same fiscal year, the cost of the new item will be added to the cost of the original item.

   b) If items were purchased in different fiscal years, the item will be treated as a separate piece of equipment with a useful life of five (5) years.

7. **Economic Development.** The threshold for equipment purchased with Economic Development funds remains at $200. Accounting will need to allow these items to be charged to object code #56450. Receiving will need to tag these items with an asset inventory label/bar code sticker and an Economic Development label. The Senior Accountant will need to enter these items into the inventory system being sure to use the asset category of Economic Development field code.

8. **Federal Grants.** The threshold for equipment purchased with Federal Grant funds will now increase to $5,000. Receiving will need to tag these items with an asset inventory label, bar code sticker, and a Federal Label. Senior Accountant will need to enter these items into the inventory system being sure to use the Federal Asset Category.
V. Historical Treasures

Historical treasures are artwork or collections that hold significant value. Accounting will periodically survey the campuses to determine whether or not such historical treasures exist. Once located their value at the time of acquisition will be estimated and disclosed as a footnote in the annual audit report.

VI. Physical Inventory of Federal Equipment

A. **Purpose.** According to Federal Compliance Requirements, “a physical inventory of equipment shall be taken and the results reconciled with the property records at least once every two years to verify the existence, current use and continued need for the equipment. A statistical sampling basis is acceptable.” This procedure will ensure that we comply with the above requirement.

B. **Federal Grant Managers.** Requisitions for capital equipment items greater than $5,000 must state “Federal Funds,” in the comment section. This notation on the requisition will alert Purchasing and Receiving to special handle the order. When the above-mentioned equipment is moved to a new location (room or building), disposed of, sold or traded-in, Federal Grant Managers must complete the electronic Asset Transfer form or notify the Senior Accountant. In addition, the Manager must disburse any residual amount received from such disposition in accordance with federal regulations, since the federal government may have rights to a portion of the residual amount, net of administrative expenses (see Code of Federal Regulations, Title 34, Part 74, Sections 138 and 139).

C. **Purchasing.** Purchasing will stamp the Receiving Department’s copy of the purchase order as follows: “Federally Purchased Equipment - Inventory Required.”

D. **Receiving.** Receiving will place a separate inventory tag of a distinctly different color, stating “FED GOV FUNDED,” on federal equipment, along with the regular District asset inventory tag. The asset number will be recorded on a copy of the purchase order.

E. **Accounts Payable.** The Senior Accountant will maintain a list of equipment purchased with federal funds in Datatel. In addition, he/she will remove an asset from the database or change the location when notified by the department. At the end of each fiscal year, the Senior Accountant will submit to the Internal Auditor a list of all federal equipment.

F. **Internal Audit.** Every year, the Internal Auditor will:

1. Compare additions to the federal equipment inventory listing to equipment expenditures in the federal program accounts, checking for reasonableness (allowing for equipment expenditures under $5,000, which are not inventoried), and

2. Coordinate the physical inventory of federal equipment using an accepted sampling method.

Reference:
Education Code Sections 81300 et seq.

Procedure Last Revised: April 11, 2007