PURPOSE

ATSU has a significant investment in fixed assets such as land, buildings, fixed and moveable equipment, etc., which are used to carry out instruction, research, and public service. The purpose of this general order ensures ATSU’s fixed assets are acquired, controlled, accounted for, and disposed of in accordance with state and federal regulations, audit requirements, and generally accepted accounting principles.

POLICY

Fixed assets are defined as items with a purchased or donated value of $5,000 or more and a useful life of more than one year. When the asset is acquired, its purchase cost along with any additional costs incurred to make it ready for use is capitalized and subsequently depreciated utilizing the straight-line method over the asset’s estimated useful life. Depreciation starts the first month following acquisition. Depreciable lives are determined by referencing the American Hospital Association Estimated Useful Lives book.

A. Categories of fixed assets

1. Land defined as real estate without any land improvements. Land is not depreciated over time. The acquired value is recorded for the cost of the land. Demolition costs are considered land costs.
2. Land improvements defined as modifications to outside areas. Examples include onsite sewer and water lines, paving of driveways, parking and other areas, curbs, sidewalks, retaining walls, fences, signs and yard lighting, etc. Useful life generally ranges from 8 to 40 years.
3. Buildings defined as structures consisting of building shells, exterior walls, interior framings, walls, floors, and ceilings. The asset cost includes architectural, consulting, and interest expense for newly constructed or renovated facilities. Useful life generally ranges from 10 to 50 years.
4. Leasehold improvements defined as an improvement made to a leased building. All leasehold improvements are depreciated over the remaining life of the lease term or life of the improvement, whichever is shorter.
5. Building improvements defined as major improvement projects extending asset life, increasing efficiency, or adding new capabilities (e.g., adding a new roof). All costs, including parts and labor, are included in the total project cost. Useful life is typically 5 to 38 years. Parts and labor utilized to perform minor repairs on an existing asset (e.g., painting an office, replacing a faucet on a sink) are considered period costs/routine maintenance and expensed in the period incurred.
6. Historical treasures defined as collections or individual items for public exhibition, education, or research in furtherance of public service. Historical treasures are not depreciated over time.
7. Building services defined as mechanical components designed for the building (e.g., air-conditioning, electrical elevators, heating, lighting, plumbing, sprinklers, and ventilating). Useful life generally ranges from 5 to 20 years.
8. Equipment defined as tangible property (including information technology systems) with an acquisition cost of $5,000 per unit or more. Useful life is generally more than one year.
a. Fixed equipment defined as an asset permanently affixed to the building structure and not subject to movement but has a shorter useful life than that of the building (e.g., walk-in coolers, cabinets, lockers, sterilizers). Useful life generally ranges from 4 to 25 years.

b. Moveable equipment (e.g., vehicles, furniture, fixtures) defined as an asset generally assigned to a specific department but able to be relocated. Some moveable equipment consists of more than one component. Useful life generally ranges from 3 to 25 years.

c. Computer equipment defined as hardware and/or software. Useful life is generally 3 years.

B. Purchasing a fixed asset

Purchasing a fixed asset is done in the same manner as any other purchase of goods, provided it has been approved through the capital budget process. A Purchase Order Request (POR) must be completed and two quotes attached. Computer and computer-related purchases must be approved by the information technology services department (see ATSU Policy No. 75-101: Purchasing Policy and Procedure and ATSU Policy No. 55-102: Hardware/Software Procurement Procedure).

C. Tagging of fixed assets

1. Asset identification tags are affixed to each ATSU asset unless it is not physically practical. The Controller’s Office assigns fixed asset tag numbers through the fixed asset system. The physical tag along with a copy of the original POR is sent to the department head to affix the tag to the asset.

2. Components of an asset will be identified in the fixed asset system maintained in the Controller’s Office, including serial and/or model numbers, etc. For assets purchased with grant funds, identifiers are required for compliance with Federal OMB Uniform Administrative Guidance and will be recorded in the fixed asset system. This includes the Federal Award Identification Number (FAIN) and percentage of federal participation.

D. Inventory of fixed assets

An audit of all fixed assets will be taken every two years in compliance with Federal OMB Uniform Administrative Guidance section 200.313, “Equipment and Property Records.”

E. Transfer of fixed assets

If it is necessary to move fixed assets from one department to another, proper authorization by the requesting and receiving departments must be made to each other with the Property Disposition/Transfer Request (PDTR). If applicable, transfer of assets purchased with grants must be further coordinated with sponsored programs. The PDTR must be approved by the director of purchasing prior to the transfer.

F. Disposal of fixed assets

1. Fixed assets not in use, obsolete, and/or beyond repair will be disposed of through submission of the Property Disposition/Transfer Request (PDTR) form. Disposition of assets purchased with grant funds must be coordinated with the sponsored programs department. The completed PDTR must be sent to the director of purchasing. The campus’ physical plant will pick up the assets. All fixed assets will remain on the original department’s inventory until this process is complete.

2. Data on the disposition of assets purchased with grant funds will be retained in the appropriate grant file. The actual physical disposal of fixed assets should not occur without a PDTR form. Assets cannot be disposed of or removed from a department’s inventory without a properly executed PDTR signed by the department head. Departments should keep a copy of the form for their inventory records.
RESPONSIBILITY

A. Newly purchased assets
   1. It is the responsibility of the department head to provide the model and/or serial number or any additional identifying information to the Controller’s Office for the entry of such into the fixed asset system.
   2. It is the responsibility of the Controller’s Office to assign the tag number and send the tag along with a copy of the original POR to the department head.
   3. It is the responsibility of the department head to safeguard all assets and to attach the tag to the applicable asset. If not practical to affix the tag, the tag must be kept safe in the department.

B. Existing assets
   1. For the transfer or disposal of assets, it is the department head’s responsibility to complete the PDTR and provide a copy to the director of purchasing.
   2. It is the responsibility of the campus’ physical plant to transfer the assets upon request of the director of purchasing.
   3. It is the responsibility of the Controller’s Office to distribute the inventory of fixed assets to departments every other year. The Missouri and Arizona locations will alternate years.
   4. It is the responsibility of the department head to audit the fixed asset inventory every other year in a timely manner. The completed inventory must be filed with the Controller’s Office by February 1.