



3.107 – Fixed Assets

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01. Policy Purpose and Scope

The purpose of this policy is to set forth the guidelines for the physical and reporting control of the Company's assets, including accountability over the assets, meeting financial reporting needs, and generating asset management information.

This document is intended to describe the standard policies required for recording new and existing assets, changes in assets and the methodology of record keeping.

02. Roles and Responsibilities

The major responsibilities each party has in connection with the Capital Assets Policy & Procedures are as follows:

The Controller's Office is responsible for the establishment and maintenance of an adequate fixed asset accounting system that allows for the proper presentation of assets in the financial statements and the overall safeguarding of fixed assets.

The Assistant Controller is responsible for ensuring the fixed asset accounting system is being properly maintained, including the identification of capital assets, accurate use of codes, determination of useful lives, reconciliation to the general ledger, and financial reporting.

The Fixed Asset Coordinator reports to the Assistant Controller and is responsible for:

1. Effective administration and maintenance of the property accountability and control system;
2. Providing the Assistant Controller with the necessary documentation to review assets invoiced as capital assets for final determination as a fixed asset;
3. The proper tagging of movable equipment, accept computer or network equipment;
4. Preparing an annual listing of all movable equipment;
5. Providing department heads with current records of the property for which they are responsible;



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6. Joint physical inventories taken on an annual basis verifying the existence and condition of all capital assets to ensure the accuracy of accounting records;
7. Updating the fixed assets inventory based on inspection reports and notifying the Assistant Controller regarding any inventory changes;
8. Review and posting of depreciation through the Fixed Asset system on an annual basis;
9. Reconciliation of the fiscal year additions in the Fixed Asset system to the general ledger completed in a timely basis;

All Department Heads are responsible for:

1. Reading and understanding the Fixed Assets Policy;
2. Assuring property is given proper care and protection and is used for official purposes only;
3. Notifying the Coordinator whenever fixed assets are transferred/acquired, sold, donated, destroyed, stolen, lost or otherwise disposed of by using the Property Movement Form ;
4. Identifying and reporting to the Coordinator along any surplus property which is useable but not needed in his/her area, or which is beyond economic repair and therefore to be disposed of;
5. Assisting in taking physical inventories.

03. Capitalization Policy

A capitalized fixed asset is property, such as equipment, buildings and land, with a cost or value equal at the date of acquisition greater than **\$1,000** and an expected useful life of **more than one year**. Capitalized fixed assets are acquired for the use in normal operations and are not for resale. All capitalized fixed assets are entered into the Fixed Assets system for inventory and financial reporting purposes.

Assets costing below **\$1,000** are expensed in the fiscal year of purchase and are not capitalized nor maintained through the Fixed Assets Module. The exceptions to this policy include capitalization of low cost items, such as, monitors, headsets and sound and video equipment.

Costs incurred to keep a fixed asset in its normal operating condition that do not extend the original useful life of the asset or increase the asset's future service potential are not capitalized. These costs are expensed as repairs or maintenance.

04. Classifications of Capital Fixed Assets

Capital fixed assets are items that are:

1. permanent in nature, tangible durable (economic useful life greater than one year);
2. held for purposes other than investment or resale; and
3. have a cost which equals or exceeds certain thresholds established by the Company.



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The types of capital fixed assets: computer equipment, network equipment, office equipment, furniture & fixtures, on-line proofing, software, marketing assets, land, land improvements, buildings and building improvements.

On-Line Proofing System – Original costs to developed software;

Machinery & Equipment - Copiers, printers, audio visual equipment, recreational equipment, appliances and food service equipment;

Furniture & Fixtures - Desks, tables, chairs, file cabinets, lighting and office decor;

Software – Purchased software, software licenses;

Specialty Assets –Asset requiring special tax/accounting treatment;

Computer Equipment – Desktop computers, laptops, tablets, monitors;

Communication / Network Equipment – servers, storage, communication equipment, telephones and telephone equipment;

Marketing Assets – Costs of booths, company banners and signage;

Land - land purchased, donated, or otherwise acquired by the company;

Land Improvements - include excavation, fill, grading, telephone and power lines, and the construction of retaining walls.

Buildings - includes the value of all buildings at purchase price or construction cost;

Building Improvements - improvements made to existing buildings. Renovations to an existing building that adds useful space to the structure or extends the facility's useful life will be considered a capital asset. Conversely, improvements that do not add useful space to the structure, or extend the facility's useful life will be considered maintenance and repair.

05. Valuation of Capitalized Equipment

The valuation of equipment, whether purchased or fabricated, is based on unit cost. The total unit cost is determined by the sum of:

1. the cash disbursed (purchase price less applicable discounts plus applicable transportation and installation charges) for each unit;
2. the net book value of any assets given in exchange; and
3. the present value of any liability incurred.

06. Capital Expense Codes

The acquiring department is responsible for assigning the appropriate account number when making capital purchases. The capital expense code tied to asset codes are:

58100 Computer Hardware Costs – Desktop computers, monitors

58110 Computer Peripherals - Expensed items - TV's, printers, monitors

58150 Network Hardware – Servers, Switches

58200 Laptop Hardware Costs - Laptop computers

58210 Tablets – iPads, tablets



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58250 TV / Monitors Office Equipment – (Do not use)

58300 Software Purchases – Capitalized items

58310 Software Licenses – Expensed items

62400 Communication Equipment – Telephones, communication equipment

71010 Office Furniture – Desks, Chairs

71011 Office Shelving & storage – Cabinets, shelves

71012 Sound & Video Room Assets – Sound/video room, video equipment, cameras

71013 Network Removable Flooring

71019 Office Video Equipment – (Do not use)

71020 Office Equipment – Printers, lighting

71025 Office Equipment – Expensed items

71026 Partial Wall Divider Systems

71027 Doors Systems

71030 Office Artwork - (Do not Use)

71031 Office Décor

71040 Marketing Assets – Booths, signage

71045 Office Appliances – Refrigerators, microwaves, coffee pots

07. Depreciation Policy

Depreciation is the allocation of the total acquisition cost of a fixed asset over its estimated useful life. Land, certain land improvements, construction-in-progress, inexhaustible works of art, historical treasures and similar assets are not depreciated. Certain land improvements may be considered to have an unlimited useful life and therefore are not to be depreciated.

• On-Line Proofing System	5 Years
• Machinery & Equipment	5 Years
• Furniture & Fixtures	5 Years
• Software	5 Years
• Specialty Assets	3-5 Years
• Computer Equipment	3 Years
• Communication / Network Equipment	5 Years
• Marketing Assets	3 Years
• Land	Non-depreciable
• Land Improvements	3-10 Years
• Buildings	Per tax schedule
• Building Improvements	Per tax schedule

The Fixed Asset Coordinator, under the direction of the Assistant Controller, will assign a useful life based on the type of assets. The estimated useful life of a depreciable asset is the period over which services are expected to be rendered by the asset.



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08. Physical Inventory of Equipment

The Fixed Asset Coordinator will provide Department Heads with a listing of all reportable property by departmental area each year. Using the listing of reportable property as a basis, a joint inventory will be conducted by the Department Head and the Fixed Asset Coordinator. Advance notice will be given to individual departments regarding specific dates. The purpose of a physical inventory is to verify the existence and condition of equipment and ensure the accuracy of company accounting records.

Discrepancies will be noted and investigated by the Fixed Asset Coordinator. The results of the inventory, including unresolved discrepancies, will be reported to the Controller. Lost or stolen property must be reported as soon as the loss or theft is known.

For details on Tagging Movable Equipment, Disposition of Assets and Movement of Assets please refer to the "Fixed Asset Deployment, Maintenance and Movement Policy".