



Effective Date: June 28, 2016

Approval: June 28, 2016

Maintenance of Policy: University
Controller

PURPOSE: This policy provides for the consistent accounting of the University's fixed assets.

SCOPE: This policy pertains to the capitalization, depreciation and disposal of fixed assets in all departments/units at the University of Dayton. The University's fixed assets are comprised of land, building and equipment.

POLICY:

Acquisition and Capitalization: All fixed asset purchases are to be made in accordance within the policies and procedures of the University and Research Institute Purchasing Offices. Approval of capital projects relating to the purchase or construction of fixed assets should be in accordance with the Capital Project Approval Process. All fixed assets should be owned by the University, held for operations, have a useful life of more than one year and meet the capitalization thresholds.

<u>Asset type:</u>	<u>Threshold</u>	<u>Useful Life</u>
Land	all	N/A
Building	all	45 years
Building Improvements	\$100,000	45 years
Land and Leasehold Improvements	\$100,000	20 years or term of lease
Equipment	\$5,000	5 - 15 years
Software	\$100,000	3 years
Artwork	\$5,000	N/A
Library Books and Periodicals	all	15 years
Infrastructure	\$100,000	5 - 15 years
Other initial complement, etc.	Varies	5 - 15 years

REFERENCE DOCUMENTS:

1. University of Dayton Capital Project Approval Process
2. University of Dayton Policy on Capital Equipment Accountability
3. University of Dayton Purchasing Policy for Sponsored Research
4. University of Dayton Sale or Other Disposition of University Equipment
5. Appendix A: Procedure

POLICY HISTORY:

Approved in original form
June 28, 2016

POLICY (continued):

Depreciation: Fixed assets are depreciated over the useful lives detailed in the schedule above using the straight line method. It is calculated on a yearly basis beginning in the year of acquisition. A full year of depreciation is taken in the year of acquisition.

Disposal: Fixed assets will be removed from records in accordance with policy when they become obsolete, are sold, donated, scrapped, or traded in.

Fixed Assets Policy Appendix A: Procedure

Purchase and status verification: All purchases of equipment are assigned an account of 7970, 7973, 7974, 7975 or 7976. When a purchase order is processed to these accounts and the invoice is received by Accounts Payable, if the amount is over \$5,000, the invoice is forwarded to the University Property Records office, which is located in the UDRI Purchasing area. Property Records staff contact the department to verify the equipment purchase and to gather information regarding location of the asset, model number, and serial number. A bar code is affixed to the item at this time and the invoice, with the bar code number indicated, is returned to Accounts Payable for payment. Property Records enters the asset into their Fixed Asset inventory system. As Property Records enters the asset into their fixed asset system, the item is also added to the appropriate asset account in the general ledger. The entry for this is a debit to the Asset account and a credit to the Asset Equity account. Purchases made through the University P-card system are reviewed by the Controller's Office for accounts listed above and items over \$5,000 that could be equipment; a list of these purchases is sent to the Property Records office. Property Records then follows the same procedures as described above to verify the equipment purchase and enter the asset into the Fixed Asset inventory system.

At least once a year, the additions to the Fixed Asset system are reconciled to the invoices paid in the above noted accounts in the general ledger. All variances are found and corrected.

Purchases of other asset types are accumulated in Capital Project funds until the project is complete. Periodically, these funds are reviewed by the Accountant for Fixed Assets and Debt, the Controller and the Facilities Planning personnel to determine which projects have been completed and which projects have created traceable assets. Incomplete projects are designated as "Work-in-Process" and the capital project fund is closed to the "Work-in-Process" account to be reflected on the financial statements as such. Completed projects are analyzed to determine whether they should be capitalized or expensed. Any project/improvement costing more than \$100,000 is capitalized as an addition to the appropriate asset category using an entry like the one processed for equipment.

There are some items, such as library books, that do not follow either of the above procedures. These items are manually tracked in the Controller's office and assets are booked accordingly.

Donated assets that meet the requirements for acceptance and capitalization will be capitalized at the appraised value of the donation. The Development staff works with the donor to ensure proper appraisals are acquired for these assets. These items are manually tracked in the Controller's Office and/or Property Records and booked accordingly.

Depreciation calculation: Depreciation is calculated and recorded on a yearly basis. For equipment, a summary report is run off of the Fixed Asset system detailing which year the equipment was purchased. This expense is booked via an automatic posting process in the Fixed Asset system, for all bar-coded equipment, as a debit to Asset Equity and a credit to the depreciation account for the Asset.

Depreciation on other assets is manually tracked and calculated on Excel spreadsheets. The building depreciation is calculated for each building and then booked as an aggregate amount. All other assets types are calculated as noted in the policy and then booked as an aggregate amount by asset type. The entry for these expenses is similar to the entry used for bar-coded equipment.

Disposals of Capital Assets: Departments are asked to contact Property Records before disposing of University equipment. Equipment is typically disposed of by donating or discarding them. Property Records removes the bar code that had been affixed at time of purchase and records the disposal in the fixed asset system. A report is generated reflecting all disposals and corresponding accumulated depreciation through the current fiscal year. The Fixed Asset system then records the disposal and cancels the accumulated depreciation in the accounting system. These entries are the reverse of the capitalization and depreciation entries above. All other disposals are manually tracked by the Controller's Office and the disposal and removal of accumulated depreciation are done on manual journal entries. The net gain or loss on these disposals is then reflected as income or expense, respectively, in the statement of activities.