

Virginia State University  
Policies Manual

Title: Fixed Asset Management

Policy: 5800

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**Purpose**

The University has a significant investment in fixed assets that includes land, buildings, fixed and movable equipment, infrastructure, and intangible assets that are needed to carry out its mission. The purpose of this policy is to ensure that the University's fixed assets are acquired, safeguarded, controlled, transferred, surplus, disposed, and accounted for in accordance with state and federal regulations, other University policies, and applicable accounting pronouncements and guidance. This policy applies to the following asset categories:

- Land;
- Buildings;
- Improvements other than Buildings (Infrastructures);
- Equipment and Equipment components;
- Construction-in-Progress;
- Intangible Assets (to include software);
- Library Books;
- Works of Art and Historical Treasures.

This policy describes the general guidelines for capitalization in order to exercise appropriate stewardship and accountability for all capital assets regardless of the method of acquisition (purchase, lease, donation, etc.) or the source of funding. Also, this policy prescribes regulations for authorizing and tracking the location of University owned equipment used on or relocated off campus.

**Authority, Responsibility, and Duties**

Federal and State fixed asset policies require that all state owned equipment be inventoried and entered in the Commonwealth's Fixed Asset Accounting and Control System (FAACS) as soon as possible upon receipt. Assets should be posted to FAACS in the fiscal year the asset was acquired. The State Comptroller promulgates policies for the capitalization and control of assets owned by state agencies and institutions. Virginia State University (VSU) is designated as a Central FAACS User. Central FAACS Users must record detailed fixed asset accounting information in FAACS for all assets owned or leased that meet Capitalized requirements.

The Administrative Services Department is responsible for entering information in FAACS and for the inventory and control of all assets owned, leased or that fall under the responsibility of VSU. Each asset acquired by the University is required to have a Responsible Person or Asset Custodian designated for the asset. The person designated as the Responsible Person or Asset Custodian should typically be a Dean, Director, Associate or Assistant VP, or a Vice President who is responsible for University financial budgets and authorized to initiate purchase requisitions.

**Title to or ownership of all Commonwealth of Virginia or University property shall be deemed to be vested in Virginia State University unless stipulated otherwise by the funding source. Title does not rest with any department or employee, regardless of the source of funds or donations associated with the acquisition.**

**All University Administrators, faculty, and staff are subject to this policy.**

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**Definitions**

**CAPP** is the *Commonwealth Accounting Policies and Procedures (CAPP) Manual* is written and published by the Department of Accounts (DOA) to provide authoritative guidance on the application of accounting policies, procedures and systems pursuant to Section 2.2-803 of the *Code of Virginia*. The CAPP Manual provides a standardized approach to fiscal and accounting matters within the authority of the State Comptroller.

**Cardinal** – Currently, there are two CAPP Manuals – one for the new accounting system, Cardinal, and the original CAPP for CARS. CARS was decommissioned July 1, 2016 and is replaced by the CAPP Manual for Cardinal.

**Capitalized Assets** include land, land improvements, infrastructure, buildings, building improvements, Construction-in-Progress, furniture and equipment, software, library books, works of art and historical treasures with valuations of \$5,000 or more and have an expected useful life of greater than one year. Assets meeting this criteria should be disclosed in the financial statement of the agency and the Comprehensive Annual Financial Report (CAFR) of the Commonwealth.

**Controlled Assets** is tangible property with a value of between \$2,000 and \$4,999 at the date of acquisition and/or has an expected useful life of less than one year. For property management purposes, controllable assets may be entered into the FAACS system, but are excluded from certain financial reports generated since these items are not depreciable and not disclosed in the financial statements. **To provide accountability and to help safeguard the Commonwealth's assets, VSU has elected to track in the FAACS system certain technology assets such as computers, printers, laptops, iPads and various other electronic assets; some of which may have a value of less than \$2,000.**

**Depreciation** – is the process of allocating the cost of exhaustible capital assets over a period of time, rather than deducting the cost as an expense in the year of acquisition.

**Disposed Assets** – Assets that Administrative Services has formally classified and determined are no longer functional and/or cannot be repaired or improved in a cost-efficient manner.

**FAACS** is the Fixed Asset Accounting and Control System (FAACS.) FAACS provides the capital asset accounting procedures for the Commonwealth to help ensure that property, plant, and equipment are acquired, controlled, and disposed of in the best interests of the Commonwealth.

**Fixed Asset Accounting Inventory Update Form** – This is a multi-use form that can be used for most functions related to fixed assets. The form is attached with this policy. Upon completion, please scan and email the form to [FixedAssets@vsu.edu](mailto:FixedAssets@vsu.edu)

**Surplus Assets** – All assets must be officially reclassified as surplus by Administrative Services or a Department that has determined that the asset has served its useful purpose and/or is no longer needed for use within the University.

**Responsible Person or Asset Custodian** – The person responsible for safeguarding the asset and/or the person that uses asset.

**Useful Life** – is the length of time that a depreciable asset is expected to be usable.

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**Policy Statements**

Assets can be acquired using the following methods:

**Purchase:**

- All equipment purchased by VSU employees and with VSU funding, must adhere to the policies and procedures promulgated by the University's Procurement Services Department and to the rules and regulations in the Agency Procurement and Surplus Property Manual (APSPM), published by the Division of Purchases and Supply (DPS), Department of General Services (DGS).
- The Central Receiving office shall immediately notify the Fixed Asset staff of all new equipment received or new equipment delivered directly to a department.
- The Fixed Asset staff shall tag all **Capital and required Controllable** new equipment purchased by the University upon receipt from Central Receiving or notification of direct receipt by University departments.
- **Title to or ownership of all Commonwealth or University property shall be deemed to be vested in Virginia State University unless stipulated otherwise by the funding source. Title does not rest with any department or employee, regardless of the source of funds or donations associated with the acquisition.**

**Donation:**

- Persons donating equipment or other assets to the University must contact the Office of Institutional Advancement. The FAACS Property Gifts or Donation Form must be provided to the appropriate department to verify that the asset is compatible with University infrastructure. The Vice President for Institutional Advancement in consultation with the Director of Administrative Services, along with the Vice President for Finance will consult and determine whether to accept the asset.
- If accepted, the Vice President for Institutional Advancement shall sign the FAACS Property Gifts or Donations form and send copies of the approved form to the Director of Administrative Services and the Department of Procurement Services. The Fixed Asset staff shall tag all assets donated to the University immediately upon receipt or notification.

**CATEGORIZATION:**

**A. Land:**

1. Land is non-expendable, real property whose title is held by a state agency. Land acquired by purchase is recorded at cost and includes the amount paid for the land itself and all related acquisition costs.
2. Land acquired by gift or bequest is recorded at the acquisition value and in accordance with GASB 72.
3. When land is acquired with buildings erected thereon, total cost is allocated between land and building in reasonable proportion at the date of acquisition. If the transfer document does not show the allocation, other sources may be used, such as an expert appraisal or real estate tax assessment records.
4. Land improvements with a total cost greater than \$100,000 and an estimated life greater than one year will be capitalized.
5. Land is capitalized; however, it is considered to be an inexhaustible asset (with infinite life); and therefore, it is not depreciated.

**B. Buildings:**

1. Buildings include all real estate, excluding land, which is used for shelter, dwelling, and other similar agency purposes. The Statewide definition is any “roofed structure for permanent or temporary shelter of persons, animals, vegetation, or equipment.”
2. Buildings acquired by purchase are recorded at cost and include all permanent structures and all integral fixtures, machinery, and other appurtenances that cannot be readily removed without disrupting the basic building structure or services to the building. Items that are built in or largely immobile, e.g. large machinery or laboratory benches are equipment items since they are separately identifiable. Central air conditioning and heating systems for a building are considered building components and are not capitalized as an equipment item.
3. When buildings are constructed, all identifiable costs are included, such as, but not limited to, contract costs, insurance and interest costs incurred during the period of construction. Costs are accumulated in Construction-in-Progress until the date of beneficial occupancy.
4. Structural remodeling/renovations and additions are capitalized if the expenditures significantly extend the useful life or significantly enhance the value of the individual building. If expenditures are greater than or equal to **\$100,000**, then the improvement may be capitalized as a separate “Building” asset.
5. Expenditures not meeting the capitalization criteria are expensed.
6. If the building improvement results in an improvement or replacement of an existing “Equipment” item and is greater than or equal to **\$50,000**, the new asset may be capitalized as a separate “Equipment” asset.

**C. Infrastructure (Improvements other than Buildings):**

1. Infrastructure assets are long-lived assets that can be preserved for a significantly greater number of years than most capital assets and that are normally stationary in nature. Examples include technological infrastructure, roads, bridges, tunnels, and water and sewer systems.
2. Infrastructure includes all improvements not specifically identifiable to an individual building other than nondepreciable improvements to land parcels such as grading or filling expenditures.
3. Infrastructure assets with a total cost greater than \$100,000 and an estimated life greater than one year will be capitalized.

**D. Equipment:**

1. The CAPP Manual defines equipment as Agency property of any kind which meets the following criteria:
  - o Is complete in itself;
  - o Does not lose its identity or become a component of the building where it resides; and
  - o Is of a durable nature with an expected service life of more than one year.
2. Capitalization of furniture and equipment includes all personal property that is not permanently affixed to land or buildings, has a useful life greater than one year, and has a unit cost of \$5,000 or more.
3. For purchased equipment, the valuation is the net amount paid to the vendor, which is the invoice price less all discounts (except trade-in allowances). Freight and installation costs are also included if they are shown on the original invoice, or if they are readily available.
4. If the building improvement results in an improvement or replacement of an existing equipment item and is greater than or equal to **\$50,000**, the new equipment is capitalized as a separate equipment asset in FAACS.

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**E. Construction-in-Progress:**

1. Construction-in-Progress includes all expenditures directly related to building construction, renovations, or additions. These costs include contract costs (materials, labor, and overhead) as well as professional fees and interest incurred during the construction period.
2. Upon completion, Construction-in-Progress costs are transferred to building improvements or infrastructure.
3. A Construction-in-Progress review is performed on a quarterly basis and updated in FAACS.

**F. Intangible assets:**

1. The CAPP Manual Topic 30325 defines Intangible assets as having all of the following characteristics:
  - o Lack of physical substance - Intangible assets are assets that do not have a physical existence. (Note: An intangible asset may be contained within an asset having a physical presence or be associated with other assets having a physical presence. Examples are software contained on a compact disc or right-of-way easements.)
  - o Non-financial in nature - Intangible assets are non-financial in nature and are not in a monetary form similar to cash or investment securities. Further, they are neither claims nor a right to assets in monetary form similar to receivables nor prepayments for goods or services.
  - o Useful lives or benefit periods exceeding one or more years - Intangible assets as described in CAPP Topic 30325 are considered to have a useful life that is greater than one year. Intangible assets having a useful life of one year or less are not subject to the provision of the CAPP Topic.
2. Intangible assets consist of three, broadly defined types as describe below:
  1. Intangible assets generally defined as software –Purchased software systems with a unit cost of \$100,000 or more, including any significant generated costs to place the software into service are capitalized and recorded in FAACS for financial reporting purposes.
  2. Intangible asset associated with real property – These include land-use rights such as easements, right –of-ways, water rights, timber rights and mineral rights that provide specific benefits related to real property upon which the right applies.
  3. Other Intangible assets that are not software or land-use rights – Other types of intangible assets are those intangible assets that are not specifically identified as being of the types shown in #1 or #2 above. These other types of intangible asset are generally created through the development of intellectual property and include patents, copyrights, and trademarks.
  4. Intangible assets subject to the provisions of GASB No. 51 and having a cost (or estimated cost) of \$100,000 or greater are classified as capital assets and recorded in FAACS.

**G. Library Books:**

1. Since library collections consist of a large number of items with modest values, they are reported on a composite basis. The composite basis records net additions and deletions to reflect an overall increase or decrease in the value of the collection.

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2. When the total annual value of books and materials have a composite value of \$5,000 or greater and a useful life of more than one (1) year, the books are entered as capitalized and recorded in FAACS with a five (5) year useful life.
3. The University disposes of books based on the Annual Discards and Losses report provided by the Library.

**H. Works of Art:**

Works of art and historical treasures, whether they are held as individual items or in a collection, are capitalized if their purchase cost or acquisition value in accordance with GASB 72 at the time of donation is \$5,000 or greater.

**DEPRECIATION AND USEFUL LIFE:**

1. The useful life of University assets will be determined in accordance with the commodity nomenclature codes developed and promulgated by the Commonwealth of Virginia Department of Accounts (State Comptroller's Office) and described in CAPP manual topic 30605.
2. All assets classified as capital which require depreciation in accordance with generally accepted accounting principles must use reasonably accurate useful lives as established by policy and shall be depreciated using the straight line methodology.
3. While many of the assets used by the University have use patterns that are in line with the available nomenclature code structure, a review is performed periodically to determine whether or not an adjustment to the remaining depreciable life of an asset should be made.
4. The methodology used to determine the assets use patterns outside of the normal lives indicated in the nomenclature codes will include a review of all assets, to include those that are fully depreciated and still in use by the University. Other factors for why an asset is being used beyond its useful life must also be considered, such as but not limited to, budget constraints regarding replacement or preventive maintenance programs.

**EQUIPMENT CONTROL AND INVENTORY**

1. The Administrative Services Department is responsible for recording all **required** equipment in FAACS.
2. The Administrative Services Department will change the "Responsible Person or Asset Custodian" in FAACS upon receipt of a **Fixed Asset Accounting Inventory Update Form (attached.)**
3. Any department that receives equipment directly from outside sources **must** immediately notify the Administrative Services Department.
4. The Administrative Services Department will take the appropriate actions to tag and record the equipment in FAACS.

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5. The Administrative Services Department shall require each person leaving the University to sign the "Clearance Form" certifying that all equipment or property belonging to Virginia State University that was assigned to the person during their employment at the University remains at the University.
6. The Responsible Person or his/her designated staff should conduct inventories annually. The Administrative Services Department may periodically conduct informal and/or unannounced inventories on capitalized and selected controlled equipment.
7. Biannually (once every two years), the Responsible Person/asset custodian or his/her designated staff, and the Administrative Services Department shall conduct a complete physical inventory of capitalized equipment to properly safeguard assets and maintain fiscal accountability.

### TRANSFER OR RELOCATE EQUIPMENT

1. Responsible Persons shall provide documentation of equipment to be transferred to the Administrative Services Department using the **Fixed Asset Accounting Inventory Update Form**. The Responsible Person will no longer be held accountable for the equipment after it is received by the Administrative Services Department.
2. To report the relocation of equipment from one department to another or from one room to another room in the same department, departments should complete and email to [FixedAssets@vsu.edu](mailto:FixedAssets@vsu.edu) a **Fixed Asset Accounting Inventory Update Form** to the Administrative Services Department. The form should include the old location (department, room, and building), as well as the new location of the asset. The old location of the asset should match the location in the fixed asset system (FAACS). The Administrative Services Department is responsible for changing the location in the fixed asset system.
3. If the equipment can be used by another department on campus, the Administrative Services Department will reassign the equipment to that department. If the equipment cannot be used by another department on campus, the Administrative Services Department will proceed with proper disposition of the asset.
4. Property used for trade-in on a new purchase must be listed in detail to include tag number, bar code number, serial number and corresponding description on the purchase requisition.

### SURPLUS EQUIPMENT

1. When an asset is not in current use and is located in a department, the department should declared the asset as Surplus. When an asset is not operable, it should be classified as Disposable. Unless Administrative Services considers assets useful by other University departments at some future time, the assets are considered surplus to the University. Ultimately, assets considered surplus to the University may be transported to the DGS surplus property branch facility and sold for salvage or disposed.
2. The Department of General Services, Division of Purchases and Supply (DP&S) is responsible for surplus placement to other agencies and sale at auctions. The DGS has granted the University's Surplus Property Officer (Director of Administrative Services) permission to dispose of surplus property that is useless, has no resale value, and cannot be repaired. The Administrative Services has been given permission to conduct sales at the University following DGS guidelines.

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3. Departments should submit a **Fixed Asset Accounting Inventory Update Form** to the Administrative Services Department to request removal of surplus items from the department and to adjust the department's fixed asset inventory. The Administrative Services Department is responsible for transferring surplus assets from the department to the DGS Surplus Property branch facility or follows other available prescribed measures as authorized.

### DISPOSAL OR REMOVAL OF EQUIPMENT

Departments are responsible for declaring equipment as surplus using the **Fixed Asset Accounting Inventory Update Form**, but are **not** authorized to dispose of assets. Only the Director of Administrative Services and the Associate Vice President for Finance or their delegates can approve the disposal of assets.

### LOST, STOLEN, OR DAMAGED EQUIPMENT

1. The Responsible Person, any custodian or custodial individual who uses the University's property, shall immediately report in writing any lost, stolen, or damaged equipment to the Administrative Services Department, the Department of Police and Public Safety, and the Internal Audit Department. The Administrative Services Department will be responsible for reporting this information to any other departments not listed in the policy. However, the Responsible Person must also contact Information Technology Services to certify whether or not sensitive or personally identifiable information was contained on any electronic memory devices.
2. Individual users who have been assigned specific items to their custody or who have submitted an authorized form and completed the Fixed Asset Accounting Off-Campus Asset Relocation/Loan form for off-campus equipment use will be held accountable and responsible for equipment return. Any equipment not returned as denoted on the forms for periodic inventory accountability will be considered lost and the custodian individual will be subject to disciplinary action, up to termination, as deemed appropriate. In addition, the custodian individual **may** be required to compensate the University for the replacement cost or replacement value of the lost or unlocated asset(s).
3. The Administrative Services Department is responsible for adjusting the University official fixed asset records, as appropriate.

### USE OF UNIVERSITY EQUIPMENT OFF-CAMPUS

1. Virginia State University does not recommend that University equipment be removed from the campus. However, the University does encourage operational effectiveness and efficiencies. Therefore, these regulations apply to all equipment **routinely** relocated or used off-campus by VSU faculty, staff, students and administrators.
2. The Director of Administrative Services shall administer the University's off-campus use program by recommending policies and developing and enforcing appropriate procedures. Prior approval must be obtained from the respective Vice President or Dean, prior to any equipment being removed from the University's campus. Prior to approving equipment for off-campus use, Vice Presidents or Deans are encouraged to consider the nature of the work responsibilities documented in the Employee Work Profile (EWP.)



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3. **University owned equipment may be used off campus to conduct University business only.** All individuals desiring to remove University-owned equipment to use off campus must submit a **Fixed Asset Accounting Off-Campus Asset Relocation/Loan form** (attached) to the appropriate Vice President or Dean. The form should be emailed to [FixedAsset@vsu.edu](mailto:FixedAsset@vsu.edu).
4. All equipment located off campus must be available onsite when the physical inventory is conducted.

### LEASES

Leases will be reviewed by the Controller, Assistant Controller or their designee to determine whether or not they qualify for capitalization. The University will classify a lease transaction as a capital lease if it is non-cancelable and if one or more of the four classifications criteria are met:

1. The agreement specifies that ownership of the asset transfers to the lessee.
2. The agreement contains a bargain purchase option
3. The non-cancelable lease term is equal to 75% or more of the expected economic life of the leased property.
4. The present value of the minimum lease is equal to or greater than 90% of the fair market value of the asset.

If none of these criteria are met, the lease will be classified as an operating lease.

This policy shall be reviewed and revised as necessary to become effective at the beginning of the University's fiscal year, unless otherwise noted.

### References

Policy 5800 replaces and includes Policy 5802. It also supersedes and includes the following policies:

- VSU Policy 5300, Use of University Equipment Off-Campus
- VSU Policy 5701, Surplus Property Disposal Policy
- VSU Policy 5801 – Supplies and Materials Inventory Policy is rescinded

Cardinal Manual: Topic No. 30105 – FAACS Overview

Cardinal Manual: Topic No. 30605 – Useful Life

Cardinal Manual: Topic No. 30205 – Acquisition Method

Cardinal Manual: Topic No. 30805 – Asset Disposal

Cardinal Manual: Topic No. 30210 – Acquisition Valuation

Cardinal Manual: Topic No. 30405 – Asset Revaluations

Cardinal Manual: Topic No. 30310 – Asset Categorization

Cardinal Manual: Topic No. 30315 – Nomenclature Codes

Cardinal Manual: Topic No. 30325 – Asset Classification

Cardinal Manual: Topic No. 31100 – Federal Asset Accounting

Approved By: \_\_\_\_\_

President

Date: \_\_\_\_\_

4/5/19

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**VIRGINIA STATE UNIVERSITY  
FIXED ASSET ACCOUNTING  
INVENTORY UPDATE FORM**

(Form should be emailed to [FixedAssets@vsu.edu](mailto:FixedAssets@vsu.edu))

This form is used to request changes to inventoried assets including surplus, disposal, relocations and transfers. The requesting department should complete Section I, and then complete Section II – V based on the type of request needed. For Grant or Equipment Trust Fund items, please contact Fixed Assets at ext. 5221 prior to taking any action.

**Section I: Requesting Department and Asset Information**

Department Name \_\_\_\_\_ Date \_\_\_\_\_

Responsible Person \_\_\_\_\_ Phone Extension \_\_\_\_\_ Budget Code \_\_\_\_\_

Approver's Name \_\_\_\_\_ Approver's Signature \_\_\_\_\_

Please list asset information below with a detailed description. Use Pages 2-5 (based on type of requested change) if more than one asset needs updating.

ASSET I.D #	ASSET DESCRIPTION	BUILDING	ROOM #	SERIAL #

**Check Appropriate Change Action Below: (One Action per Form)**

Section II - Surplus	Section III – On Campus Transfer to New Dept.
Received By _____ Date _____ Ext.# _____ Condition: <input type="checkbox"/> New <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Needs Repair <input type="checkbox"/> Parts Missing	New Department _____ Date _____ New Budget Code _____ New Building _____ New Room # _____ New Responsible Person _____ New Responsible Person _____ Signature _____
Section IV – On Campus Relocation in Same Dept.	Section V – Disposal (Fixed Asset Staff Use Only)
New Building _____ New Room # _____	Reason: <input checked="" type="checkbox"/> S – Sale or Trade In <input type="checkbox"/> A – Abandonment <input type="checkbox"/> L – Lost or Stolen <input type="checkbox"/> T – Transfer <input type="checkbox"/> C – Casualty Loss <input type="checkbox"/> K – Cannibalization Other _____

**Fixed Assets Staff Only:**

Processed by: \_\_\_\_\_ Date Processed: \_\_\_\_\_





**VIRGINIA STATE UNIVERSITY  
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OFF CAMPUS ASSET RELOCATION / LOAN FORM**

**This form is used when an asset is needed to accomplish university business off campus. Prior approval must be obtained from the respective Vice President, Dean or Director. The approved form is then submitted to the Fixed Assets Office with the signature of the Vice President, Dean or Director. The Responsible Person will be accountable for all equipment used off campus, and shall notify the Fixed Assets Office in writing when the equipment is returned to campus so the records can be updated.**

Click here to enter text.

DEPARTMENT / ACTIVITY

Click here to enter text.

RESPONSIBLE PERSON (VP, DEAN, DIRECTOR OR CHAIR)

Click here to enter text.

BUDGET CODE

Click here to enter text.

ISSUE DATE

Click here to enter text.

ESTIMATED RETURN DATE

Sign here.

SIGNATURE OF USER

Click here to enter text.

(PLEASE PRINT NAME)

ID NUMBER

ITEM DESCRIPTION

SERIAL / MODEL

Enter ID #.

Click here to enter text.

Click here to enter text.

Enter ID #.

Click here to enter text.

Click here to enter text.

Enter ID #.

Click here to enter text.

Click here to enter text.

FROM BUILDING / ROOM

TO ADDRESS

Click here to enter text.

Click here to enter text.

Click here to enter text.

Click here to enter text.

PURPOSE FOR OFF-CAMPUS USE: Click here to enter text.

Click here to enter text.

Click here to enter text.