

# Missouri Western Capital Assets Procedures Manual

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## **Introduction**

Missouri Western State University has a significant investment in Capital assets that are used to carry on the primary missions of instruction, administration, research and public service. The purpose of this manual is to not only provide concise guidelines and essential information, but to ensure that the University's Capital assets are acquired properly, safeguarded, controlled, disposed of, and inventoried. This should be completed in accordance with state and federal regulations, audit requirements, and the Government Accounting Standards Board (GASB) along with generally accepted accounting principles.

You are encouraged to become familiar with the provisions of these policies. Several important changes have been made regarding Capital assets. As Department Directors, Chairpersons, and Deans you are responsible for Capital assets and other items of value assigned to your department. This should serve as a management tool and enhance the accuracy of asset records within departments throughout the University. We look forward to working with you in the future.

Please contact the Capital Asset Accountant at 271-5917 if you have any questions regarding procedures or forms discussed in the manual.

# Definitions

## Capital Asset

A Capital asset is defined as MWSU property that is tangible (physical form) and/or intangible (nonphysical form) in nature, has a useful life greater than one year and an acquisition cost equal to or greater than the \$1,000 capitalization threshold. These items are purchased under Account Codes in the 76000's and require a permanent bar code tag affixed and prominently displayed at all times.

## Non-Capitalized Assets

A non-capitalized asset is a non-expendable item which has a life expectancy greater than one year and has an acquisition cost below the \$1,000 threshold. These are assets that are sensitive in nature and are purchased under the Account Codes 76099, Taggable Equipment < \$1,000. They also require a permanent bar code tag affixed and prominently displayed at all times.

## Acquisition Cost

Acquisition cost is defined as the purchase price plus any cost incurred to place the asset in service. Acquisition cost is also referred to as historical cost. The University records all Capital assets at Acquisition plus any ancillary costs.

## Ancillary Cost

Ancillary costs are costs in addition to purchase or construction costs, related to placing a Capital asset into its intended state of operation. Normally, ancillary costs are included in the cost of a Capital asset. However, some minor ancillary costs may be expensed.

## Capitalization Threshold

The capitalization threshold for MWSU is \$1,000. The threshold should be applied to individual Capital assets rather than to groups of assets.

## Tangible Assets

Tangible Assets are defined as having a long-term physical existence and/or acquired for use in the operations of the University.

## Intangible Assets

Intangible assets are defined as non-physical property owned by the University that have a lasting value. These types of assets cannot be physically touched, seen, or held.

# Classification, Criteria and Capitalization of Capital Assets

## Land

*Definition:* Land includes all real property that is purchased or otherwise acquired by the University. MWSU must have title to the land before it is capitalized. The purchase of easements should also be recorded as land.

*Capitalization Threshold:* All land purchases, gifts, or bequests are capitalized regardless of amount. The capitalized cost of land purchased would include the original contract price plus any ancillary costs. If acquired by gift or bequest, the capitalized cost would be recorded at fair market value at the date of the gift or bequest.

*Ancillary Costs:* The following are ancillary costs to include but are not limited to: broker's commission, legal fees, surveys, cost of razing old building, structures, or other improvements acquired with the property, cost incurred to put property in condition for its intended use, such as draining, clearing, landscaping, land filling, and grading cost.

*Excluded Costs:* The following are costs that are excluded but are not limited to: fees for ownership searches, expenditures in connection with disposal of refuse, costs of utility easements, etc.

*Depreciable Life:* Land is not depreciated.

## Land Improvements

*Definition:* Land improvements are defined as expenditures for improvements to the land, other than buildings or infrastructure, that ready land for its intended use. Examples include but not limited to sidewalks, parking lots, fencing, landscaping, and retaining walls.

*Ancillary Costs:* The following are ancillary costs to include but are not limited to: broker's commission, legal fees, surveys, cost of razing old building, structures, or other improvements acquired with the property, cost incurred to put property in condition for its intended use, such as draining, clearing, landscaping, land filling, and grading cost. If the land improvement is constructed and/or altered by MWSU's own personnel, then these costs should also be included as part of the capitalized amount of the asset.

*Capitalization Threshold:* Land improvements have a \$10,000 capitalization threshold. The capitalized cost would include all direct costs of construction for the improvements.

*Depreciable Life:* Land improvements require maintenance and occasional replacement, therefore; they are depreciable assets. Land improvements have a \$10,000 threshold and a 15 year depreciable life.

## Buildings

*Definition:* Buildings are defined as any building purchase, constructed or otherwise acquired for use by Missouri Western State University. Included with this category are all permanently attached fixtures, machinery, and other components that cannot be removed without damage resulting to the building. If a component can be removed without damage, then it should be considered equipment and not included in the cost of the building.

In some instances, implementation of this policy may be difficult due to the unique nature of the acquisition. In these cases, professional judgment will be exercised in determining whether the efforts outweigh the benefits derived from applying capitalization.

## **Buildings (continued)**

*Capitalization Threshold:* Buildings do not have a capitalization threshold. All direct costs of construction should be included in calculating the capitalized cost of a new building. Cost incurred to make the building suitable for the purpose for which it was acquired should be included in the value of the building.

*Ancillary Costs:* The following are ancillary costs to include but are not limited to: remodeling costs, reconditioning, heating and air conditioning cost, bid advertising expenses, construction financing/interest expense, insurance costs incurred during the constructions period, expenses incurred for the preparation of plans, specifications, blueprints, etc., cost of building permits, architects' and engineers' fees for design and supervision, excavation, grading or filling of land as part of the construction of a specific building, other costs such as temporary buildings used during the constructions period, razing of buildings being replaced. If the Building is constructed and/or altered by MWSU's own personnel, then these costs should also be included as part of the capitalized amount of the asset.

*Excluded Costs:* The following are costs that are excluded but are not limited to: extraordinary costs that are merely incidental to the erections of the building (e.g., due to strike, flood, fire, or other casualty), and the cost of abandoned construction.

*Depreciable Life:* Buildings do not have a threshold and have a 40 year depreciable life.

## **Building Improvements**

*Definition:* Building improvements are defined as the remodeling or renovation of existing Missouri Western State University owned buildings. Renovation is defined as rejuvenating or upgrading existing facilities of both the interior and/or exterior. Examples of building improvements are, but not limited to, additions, replacements, major repairs such as a roof replacement, upgrading the heating and air conditioning.

*Capitalization Threshold:* Building improvements have a \$10,000 capitalization threshold. All direct costs of construction should be included in calculating the capitalized cost of a new building.

*Ancillary Costs:* The following are ancillary costs to include but are not limited to: remodeling costs, reconditioning, heating and air conditioning cost, bid advertising expenses, construction financing/interest expense, insurance costs incurred during the constructions period, expenses incurred for the preparation of plans, specifications, blueprints, etc., cost of building permits, architects' and engineers' fees for design and supervision, excavation, grading or filling of land as part of the construction of a specific building, other costs such as temporary buildings used during the constructions period, razing of buildings being replaced. If the building improvement is constructed and/or altered by MWSU's own personnel, then these costs should also be included as part of the capitalized amount of the asset.

*Excluded Costs:* The following are costs that are excluded but are not limited to: extraordinary costs that are merely incidental to the erections of the building (e.g., due to strike, flood, fire, or other casualty), and the cost of abandoned construction. The cost of normal repairs and maintenance that do not extend the life of the building should be expensed.

*Depreciable Life:* Buildings Improvements have a \$10,000 threshold and a 15 year depreciable life.

## **Leasehold Improvements**

*Definition:* Leasehold Improvements are defined as permanent improvements by the tenant to leased land or buildings. Leasehold improvements represent major expenditures required to prepare leased premises for initial or continued use. Improvements made by Missouri Western State University to property which it uses as lessee should be capitalized for the durations of the lease if the cost of the improvement is \$10,000 or more. The lessor, if Missouri Western State University should lease out any land or buildings, should capitalize the improvements in the fiscal year that the improvements are completed. Repairs and renovations such as painting a wall, installing carpet, or general carpentry work, are considered normal operating expenditures. Examples are but not limited to: interior walls, plumbing, electrical wiring, parking lot surfacing etc.

*Capitalization Threshold:* Leasehold Improvements have a \$10,000 threshold and a 15 depreciable life or the duration of the lease if less than 15 years. All direct costs of construction should be included in calculating the capitalized cost of the Leasehold Improvement. Work to maintain the structure in the existing condition should be expensed.

*Depreciable Life:* Leasehold Improvements have a \$10,000 threshold and a 15 depreciable life or the duration of the lease if less than 15 years.

## **Infrastructure**

*Definition:* Infrastructure is defined as improvements related to land but not associated to buildings. Infrastructure improvements normally have a longer useful life and are more permanent in nature than land improvement related assets. Examples include but not limited to roads, and bridges, outside lighting, maintenance tunnels, water and sewer systems or telephone communication systems (between buildings).

*Capitalization Threshold:* Infrastructure has a \$10,000 capitalization threshold. All direct costs of construction or alteration should be included in calculating the cost of the asset. Work to maintain infrastructure assets in the existing condition should be expensed if under the threshold.

*Depreciable Life:* Infrastructure has a \$10,000 threshold and a 15 year depreciable life.

## **Library Collections**

*Definition:* Library collections are defined as and include but not limited to hard and soft cover books, periodicals, microfilm, electronically/digitized collections such as music, theater or movie productions. Rare books that are considered “collections” similar to works of art or Acquisition treasures should be classified as Collections.

*Capitalization Threshold:* Library collections are capitalized using a composite method at the end of each fiscal year and therefore will not have a threshold. Current year expenditures will be used to determine asset value.

*Depreciable Life:* Library collections are capitalized using a composite method at the end of each fiscal year and have a 10 year depreciable life.

*Additional guidelines:* Library materials once fully depreciated will be considered “disposed”. A physical inventory will not be completed for library materials.

## Collections Fine Art

*Definition:* Collections are defined as an accumulation of one or more materials that represent works of art, Acquisition treasures, unique structures or other similar assets.

*Capitalization Threshold:* Collections may be either capitalized or non-capitalized assets. Generally assets following into this category are capitalized at their Acquisition cost (or estimated FMV at the time of donation) whether they are held as individual items or in a collection.

*Depreciable Life:* Please contact the Capital Asset Accountant for Depreciable Life

## Equipment

*Definition:* Equipment is defined as tangible, non-consumable items owned by Missouri Western State University valued individually at or above the \$1000 capital threshold. Equipment typically has a useful life expectancy of at least one year and is not permanently attached to or incorporated into University buildings and/or grounds.

Examples of types of equipment at or above the \$1000 threshold are but not limited to: Furniture, Printers, Office Equipment, Multi Media equipment, Presentation Equipment, Copiers (owned by the University), Grounds & Maintenance Equipment and Tools, Lab Equipment, Custodial, Athletic Equipment, Food Service Equipment, Furniture, Outdoor Recreational Equipment, Theater Equipment, Art and Studio Equipment, Music Equipment, Nursing Equipment, Police Training Equipment, Instructional Equipment, Equipment related to student activities, ect.

*Capitalization Threshold:* Equipment has a \$1,000 capitalization threshold. All equipment will be recorded at a net invoice price or the acquired cost plus any ancillary costs. The fair market value will be used if an asset is being donated without a predetermined value.

*Ancillary Costs:* The following are ancillary costs to include but are not limited to: the costs to acquire the asset such as shipping & handling, installation, testing, training, or securing and preparing the item for its intended use.

*Depreciable Life:* Equipment has a threshold of \$1000.00 with the depreciable life based on the type of equipment (see useful life table)

## Computer and Computer Software

*Definition:* Computers are defined as an “Asset system”. An Asset System is defined as multiple components that make up the asset. The University defines all Personal Desktop Computers as asset systems which includes the monitor, CPU, keyboard, mouse, and accessories. **All computers will be tagged & inventoried regardless of price or age.**

- Computers - - The value of the computer system is based on, but limited to, the net invoice cost, shipping and installation costs. When a sub-unit is replaced, it generally does not extend the life of the larger asset. Therefore, replacement would be treated as maintenance expense. Computers that are capitalized have a threshold of \$1000 and 3 year depreciable life.
  - Examples of computers and/or asset systems/units are but not limited to: Personal desktop computers (PC), laptop computers, handheld and/or mini computers, servers, etc.



## Computers and Computer Software (continued)

- Computer Software - - Computer Software valued individually at or above the \$1000 capital threshold and is owned by Missouri Western will be entered into the University's Capital asset system. If at any time the software has a time frame for use the University is only purchasing the rights to use the software and therefore should be expensed. The value of the computer software includes but not limited to net invoice cost, consulting and training with its implementation. Internally developed software cost are expensed during the period incurred. Computer software has a threshold of \$1000 and a 3 year depreciable life.

*Capitalization Threshold:* Computers and Computer Software have a \$1,000 capitalization threshold. All equipment will be recorded at a net invoice price or the acquired cost plus any ancillary costs. The fair market value will be used if an asset is being donated without a predetermined value.

*Ancillary Costs:* The following are ancillary costs to include but are not limited to: the costs to acquire the asset such as shipping & handling, installation, testing, training, or securing and preparing the item for its intended use.

*Depreciable Life:* Computers and Computer Software, when capitalized, have a threshold of \$1000.00 with the depreciable life of three years.

*Additional guidelines:* **All computers will be recorded as a capital asset regardless of cost or age. All computers must be monitored due to possibility of sensitive data being stored on the hard drives.**

## Intangible Assets

*Definition:* Intangible assets are defined as assets with life in excess of one year, lacking physical substance or representing a right granted by the government or a company. Examples include but are not limited to water rights, patents, trademarks, copyright, and similar assets.

*Capitalization Threshold:* Intangible assets having value at or above the \$1000 threshold will be capitalized.

*Ancillary Costs:* Are to be determined at time of acquisition.

*Depreciable Life:* Intangible assets have a \$1000.00 threshold and are amortized using the straight-line method with an asset life no greater than 40 years. The asset life of an intangible is determined on the type of asset.

## Vehicles

*Definition:* Vehicles are defined as motor vehicles owned and used in the operation of Missouri Western State University day to day functions and activities.

*Capitalization Threshold:* All vehicles will be recorded at a net invoice price or the acquired cost plus any ancillary costs. The fair market value will be used if an asset is being donated without a predetermined value.

*Ancillary Costs:* The following are ancillary costs to include but are not limited to: dealer preparation costs, painting of and/or addition of University logos, shipping, and costs associated with the installation of equipment

*Depreciable Life:* Vehicles have a \$1000 threshold and a 7 year depreciable life.

*Additional guidelines:* For inventory consistency, Vehicles with value under the \$1,000 threshold will also be tagged with a University identification tag and recorded in the Capital asset system.

## Weapons

*Definition:* Weapons are defined as an instrument or device used to incapacitate or cause harm to humans or animals. **All weapons will be tagged & inventoried regardless of price.**

- Examples of weapons are but not limited to: firearms, stung guns, tasers, swords, crossbows etc.

*Capitalization Threshold:* Weapons with a value at or above the \$1000.00 threshold will be capitalized.

*Ancillary Costs:* Ancillary cost will be determined at the time of purchase.

*Depreciable Life:* Weapons have a \$1,000 capitalization threshold and a 10 year depreciable life.

*Additional guidelines:* **All weapons will be entered into Missouri Western State University's Capital asset system regardless of price or age.** A list of all weapons will be submitted to the Risk Manager annually for review.

## Leased Equipment

- Leased Equipment - - Leased equipment is not owned by the University and is not included in the University's equipment inventory. However, if at the end of the lease the University has the option to "buy out" the leased equipment and it has a value at or above the \$1000 threshold it will then be tagged and recorded in the Capital asset system. Leased computers are an exception. If the University has the option to "buy out" the leased computers they will tagged and recorded in the Capital asset system regardless of acquisition cost.

## Fabricated Assets

- Fabricated Assets - - Fabricated Assets are defined as being unique, one of kind and constructed by Missouri Western State University. Internal staff, resources, equipment, and/or materials are used to construct a building, piece of machinery, fixture, furniture or equipment for Missouri Western's use. The aggregate cost of materials, supplies, and components must be \$1000 or greater and is included as part of the acquisition cost for the completed asset. Once the acquisition cost is established the asset will then be recorded in the Capital asset system. Overhead (indirect) costs are not included unless they were incrementally increased by the construction of the asset. University constructed assets threshold and depreciable life is based on the type of asset.
- The department fabricating an asset must notify the Capital Asset Accountant so that is can be recorded properly.

## Betterments or Improvements

- Betterments or Improvements - - Betterments or improvements are defined as an addition or a change made to a Capital asset, other than maintenance, that prolongs its life or to increase its efficiency or capacity. The Capital asset must meet the accountability threshold prior to the inclusion of any betterment cost.

## **Sensitive Items**

- Sensitive Items - - Sensitive items are defined as University owned assets that are most subject to theft or misuse not meeting the \$1000 capitalization threshold. Sensitive items are portable and marketable and/or repeatedly lost or stolen. If an asset not meeting the \$1000 threshold is deemed to be sensitive it will be tagged and inventoried within the Capital asset system.
  - Sensitive items include but not limited to: personal computers, laptops (notebooks), mini computers not meeting the \$1000 threshold, portable computing devices, video game consoles and accessories, etc. Please contact the Fixed Asset Accountant for any questions.

## **Repairs and Maintenance**

- Repairs & Maintenance - - Repairs are defined as ordinary expenditures made to maintain assets in operating condition. Replacement of minor parts, lubrications and adjusting of equipment, repainting, and cleaning are example of normal maintenance are treated as ordinary operating expenses. The major determination whether expenditure should be treated as an expense or an improvement is if the expenditure increases the future service potential of the asset. If a major repair extends the useful life of the asset several years it should be handled as an improvement. Contact the Capital Asset Accountant for questions or guidance on determination of expenditures verses improvements.

## **Construction-In-Progress**

- Construction-in-Progress - - Construction-in-progress contains amounts expended in one fiscal year on a new construction, land, building improvement, equipment or other capital construction project that will be finished in a future year. Depreciation expense for new construction will not be recognized until completion of construction.

## **Responsibilities and Accountability for Capital Assets**

Employees are responsible for protecting University property and assets. Vice Presidents, Deans, and Department Chairs/Directors (or similar titles for the administrative manager of each university organization unit and hereafter referred to as “Department Directors”) are ultimately responsible and are held accountable for, assuming proprietary control of all equipment and other Capital assets in their custody or assigned to their department.

### **Responsible Department Director and/or Chairperson**

- Are responsible for tracking, securing, and controlling Capital and non-capitalized assets assigned their department.
- Designation of a Capital Asset Contact for their department who assist in the management and control of assets assigned to the department.
- Ensuring the Completion of an Inventory Sheet for any newly purchased Capital asset.
- Make certain that the proper forms are completed when disposing of any asset.
- Must ensure the reporting of any transfers or stolen inventoried property assigned to their department.
- Make certain that proper forms are completed for assets used as trade-ins, assets returned to the vendor, and information related to fabricated equipment.
- Establish appropriate controls for all products purchased with University funds, maintain records and controls for sensitive or portable assets such as laptops computers, desktop computers, cell phones, black berries, guns, etc,
- Maintain a listing to whom portable assets are assigned.
- Notify MWSU Foundations and the Capital Asset Accountant of property that has been obtained from donations.
- Verify inventory records provided by the Capital Asset Accountant. Specifically each Department Director and/or Chairperson must ensure that the inventory records are:
  - Checks for accuracy of the inventory list.
  - Certifies that the location of the asset is accurate.
  - Returns the corrected inventory lists by the prescribed deadline.

### **Capital Asset/Grant Accountant Responsibility and Accountability**

- Establish and maintain the financial records and procedures necessary for the accountability of MWSU assets.
- Tag newly purchased or donated assets by affixing a MWSU gold and white barcode to each asset.
- Update the Capital asset system with any changes to location, responsible department or any related asset information.
- Distribute an inventory report to each department Director and/or Chairperson annually.
- Conduct physical inventories and update the Capital Asset system with any changes.
- Maintain surplus information and dispose of assets on the Capital Asset system.

## **Purchasing Department Responsibilities and Accountability**

- Ensures correct coding, item description, quantity, and cost are entered correctly on purchase orders when acquiring capital assets.
- Attaches and sends a “Capital Inventory Information Sheet” with the receiving copy of the PO to the Responsible Department.
- Verifies that the “Capital Inventory Information Sheet” was received with the receiving copy of the PO and is properly completed prior to sending the PO through for payment.

## **Physical Plant Responsibilities and Accountability**

- Signing and dating the MWSU Surplus Inventory Disposal form confirming the physical removal of surplused assets.
- Proper “Physical” disposal of surplused assets in accordance to policy and procedures.
- Ensure that all “Disposal” paperwork is completed and attached prior to physically removing assets.
- Verifies that any computer surplused is listed on the SS1 form with Tag#, Description, and Serial Number
- Sending Disposal paperwork to the Capital Assets/Grant Accountant once asset is physically moved to the “Barns”

## **Information Technology Services Responsibilities and Accountability**

- Completes the removal of computer hard drives and/or sanitizing of computer equipment listed properly on the SS1 form.
- Places an orange sticker on the CPU that includes the initials and date of the person completing the removal and/or sanitizing of the hard drives
- Prior to the Surplus Sale checks all assets that may contain sensitive information

## **Helpful Hints for effective Asset Management by Responsible Departments**

- Know the assets assigned to your department and where assets are located.
- Keep a listing of whom portable assets have been assigned to.
- Request an updated property list whenever new or transferred Capital assets are added to or removed from your department.
- Conduct your own physical inventory and/or unannounced spot-check inventories throughout the year.
- Promptly report missing/stolen assets to the Capital Asset Accountant. In the cases of stolen assets contact Campus Security. A police report will need to be filed and attached the “Reconciliation Form”.
- Do not allow assets to be transferred between departments without the completion of a Transfer form.
- Make all Employees under your supervision aware of Capital Asset policies and procedures.
- Maintain a file regarding Capital assets assigned to your department and keep copies of transfers, disposal forms, and SS1 forms, etc

## Miscellaneous Information

### Personally Owned Equipment

If a University employee keeps personally owned equipment on campus, it should be reported to his/her department. **The university is not responsible for loss or damage to personally owned equipment.**

### Appropriate Use of Assets

Missouri Western State University is responsible for the appropriate use of its assets. In substantiated cases of misuse of those assets, it is the policy of the University to obtain full restitution, to impose administrative sanctions, and to refer violations of criminal statutes for prosecution.

- All assets purchased with University funds must be used to further the mission of Missouri Western State University. This is the **RESPONSIBILITY OF ALL EMPLOYEES AND STUDENTS**.
  - Under State law MWSU assets are to be used for business purposes only. **PERSONAL USE IS PROHIBITED.**
  - Employees and students may not misuse University assets.
  - Employees and students have a responsibility to report activities or significant incidents that appear to be misuse of University assets. Employees may report such suspected misuse to any supervisor in the chain of authority (director, department director, dean, or appropriate vice president).
  - “Misuse” is the illegal use of University assets and/or uses that are prohibited under this or another University policy, which results in loss, damage or financial liability to the University or gain to the individual or a third party and no benefit to the University. Examples include but are not limited to using University assets for personal gain, fraud, theft or embezzlement, which violate provisions of criminal law of the State of Missouri; acts (such as disclosure of confidential, proprietary or privileged information) that reduce the value of University assets or expose the University to legal or financial penalties, or are conflicts of interest that benefit only the employee or a third part.

# Depreciation Guidelines

Missouri Western State University uses the “straight-line” depreciation and/or amortization methods for all capital assets. Depreciation and/or amortization is recorded annually at the end of each fiscal year. The “in-service” date is determined by the acquisition date. The following guideline will be used to determine “in-service” date:

*If acquired date is between 1<sup>st</sup> and 14<sup>th</sup> of the month, the 1<sup>st</sup> of the acquired month will be used.*

*If acquired date is between the 15<sup>th</sup> and 30<sup>th</sup>/31<sup>st</sup> of the month, the 15<sup>th</sup> of the acquired month will be used.*

Normal useful life is defined as the physical life, in terms of years, that an asset is expected to endure before it deteriorates to an unusable condition or does not function efficiently. Asset classes as defined in the document have been assigned an estimated useful life: a useful life is assigned to each capitalized asset. Useful life depends on the asset type and is determined by the Capital Asset Accountant.

## Useful Life Table

Asset Description	Life	Asset Description	Life
<b>Computer Equipment, Network &amp; Printers</b>	<b>3</b>	<b>Electronic Equipment</b>	<b>5</b>
Desktop Computers		Televisions	
Laptop Computers		DVRs	
Network equipment			
Monitors (purchased individually)		<b>Specialized Assets</b>	<b>10</b>
Printers		Athletic Equipment	
		Food Service Equipment	
<b>Computer Software</b>	<b>3</b>	Furniture	
Purchased Individually		Musical instruments	
		Outdoor Recreational	
		Dispatch Equipment	
<b>General Assets</b>	<b>7</b>	Sound Systems	
Audio Equipment		Antennas	
Cameras		Music Recording Equipment	
Lens		Cash Registers	
Cinema Equipment		Trailers	
Presentation Equipment		Paper Folder	
Copiers		Press Offset	
		Stage & Auditorium	
Grounds Equipment		Equipment	
Lab Equipment		Theater Equipment	
Office Equipment		Fitness & Exercise Equipment	
Machinery			
Tools		<b>Land</b>	<b>0</b>
Custodial Equipment			
Ice Machines		<b>Land Improvements</b>	<b>15</b>
Ticket hand-held			
Golf Carts		<b>Infrastructure</b>	
Art/Studio Equipment			
Maintenance Equipment		<b>Building Improvements</b>	<b>15</b>
		Over \$ 10,000	
<b>Licensed Vehicles</b>	<b>7</b>	<b>New Buildings</b>	<b>40</b>
<b>Library Books &amp; Microfilm</b>	<b>10</b>	<b>Collections &amp; Fine Art</b>	<b>60</b>

# Acquisition of Capital Assets

## Purchase Order Acquisitions

Capital assets must be purchased using the Purchase Order (PO) process to capture the data required by the capital asset module. The PO processes the purchase, date, receiving and invoice information into the capital asset module. The PO number and date, receiving information and invoice information is pulled into the Capital Asset Module via a process. This information cannot be manually entered and is lost when an asset is purchased through a direct pay or procurement card purchase. The information included in the “description” section of the PO becomes description on the Capital Asset Property Report. It is important to use a description that will easily identify the asset. Please include the make and model name (i.e. Dell Optiplex), the model number (i.e.780) in the description. Purchase Order information is critical in the proper recording and tracking of the University’s Capital assets. Exception to the use of a purchase order when purchasing Capital assets will be determined by the Director of Purchasing.

## Special Purchasing Situations

### Purchasing Multiple Units of the Same Asset

When ordering more than one of the same item on a PO, always use the quantity field to indicate the total number of items. For example, if three of the same unit is ordered for \$1,500 each, the PO should be keyed as three units at \$1,500 each for a total commitment of \$4,500. This will prompt three Capital asset tag numbers to be produced. If a single quantity price of \$4,500 is used for the three items, only one tag number would be issued. This in turn causes the Capital asset module to account for the assets incorrectly and requires extensive correction that affects both the Capital asset module and the general ledger.

### Trade-In of Assets

- ❖ Some assets may have a trade-in value on the purchase of new or similar asset. When assets are used for trade-in, the responsible department must obtain prior written approval from the Capital Asset Accountant, who must obtain approval from the State Surplus Agency. Once approval is received from the State Surplus Agency, the Capital Asset Accountant will notify the requesting department of the approval.
  - Due to the asset being traded-in leaving the University permanently it will be recorded as a disposal. The trading- in of an asset is a twofold transaction: an acquisition and a disposal. Once it is determined that an asset will be traded in, the Department Contact will need to complete an “Asset Trade-in Form” and forward to the Capital Asset Accountant prior to the removal of the asset. The assets being traded-in will then be removed from the departmental inventory.
    - The “Asset Trade-in Form” will need to be completed with the appropriate approval from State Surplus Agency prior to the Purchase Requisition being completed. A notation will need to be included on the requisition detailing the equipment to be trade-in. The notation should include the MWSU tag number and serial number.



## **Returning Assets to Vendor**

- ❖ Departments must notify the Capital Asset Accountant when newly purchased Capital assets are being returned to a vendor. This can be done via email. The email should contain the inventory tag number, complete description, responsible department, PO number and location. Also, please indicate if the asset is being replaced.

## **Donated and/or Gifted Assets**

Assets acquired by donations must be processed through Missouri Western Foundation. If a department should receive any donated assets they should immediately contact the Foundation in regards to the policy and procedures for handling donated assets. At the end of each fiscal year The Foundation will provide the Capital Asset Accountant with a listing of all assets that were received during the year. This list will include the Description, Serial number, Custodial Department, Location, either the acquisition cost or far market value plus any ancillary expense and acquired date. An appraisal maybe necessary to determine the value of donated assets. The Capital Asset Accountant will record, capitalize, and tag all assets at or above the \$1000 threshold and record in the Capital Asset system. Assets not meeting the \$1000 threshold but fall under the listed asset categories will also be recorded in the Capital Asset system.

## **Assets Acquired with Grant Funds**

All assets acquired with grant funds controlled by Missouri Western State University are considered University property until completion of the grant. At that time, depending upon the terms of the grant, title for the asset will either transfer to the grantor or remain with the University. Capital assets acquired with grants funds will be recorded as such in the University's accounting records and be depreciated accordingly. The assets will be disposed of in the Capital asset system if ownership is transferred to the grantor upon completion of the grant.

## **Procurement Card Purchases**

Capital Assets should not be purchased using a procurement card unless you obtain pre-approval from the Director of Purchasing.

## **Receiving of Capital Assets**

Once a Capital asset is received, the departmental contact will need to complete a “**Capital Inventory**” sheet for each asset received. The sheet will be attached to the receiving copy of the purchase order sent out by the Purchasing Department. The sheet provides the following information: description, serial number, responsible department’s name and index, location, including the building name, room number and suite letter, departmental contact and phone number. The capital inventory sheet must be completed and returned with the receiving copy to the Purchasing Department. The PO will then be forwarded to Accounting Services for payment. POs for capital assets will not be processed for payment until the receiving copy is received with the Capital Inventory Sheet attached.

The University’s Capital assets are capitalized when the invoice is paid. When payment is made, an extract process is used to pull the information provided on the PO for the assets into the Capital Asset system. Once the information is extracted, a barcode number is assigned in the system. At that time the information provided on the “Capital Inventory” sheet is entered into the Capital Asset System. The asset will then be physically tagged with the assigned bar-code tag.

## Tagging of Assets

A MWSU bar-coded tag will be affixed to each MWSU asset meeting the criteria identified in the “Categories and Criteria” section unless it is not physically possible. The Capital Asset Accountant will work closely with the Department Contacts to identify the correct asset for tagging by comparing the information provided on the “Capital Inventory Information Sheet” to the asset. If applicable, a picture will be taken of the asset and attached in the inventory system. A “Property of Missouri Western State University” barcode tag will be placed on the asset. Some assets are considered impractical to tag and are considered “non-taggable”. Non-taggable assets are still assigned a barcode tag and will be accounted for as if they were tagged. The barcode tags for “non-taggable” assets are kept on file in Accounting Services.

### ❖ Tag Location General Guidelines

- The following tag location standards will be adhered to when attaching asset tags to the Capital assets:
  - Generally, tags should be placed directly on the main component of the asset. The Capital Asset Accountant will consult with the Departmental Contact concerning the best placement on certain pieces of equipment, such as scientific equipment, nursing equipment, general lab equipment, etc.
  - Assets should be tagged in the front upper right hand corner when possible. If this area is not available, tag will be placed in easily visible and accessible location.
  - Assets will never be tagged on the bottom or back unless this is the only reasonable choice.
  - Assets subject to being painted should be tagged in a location least likely to be painted over.
  - Asset tags should not be placed on walls or temporary/removable components.
- A few exceptions to the general guidelines:
  - Desks and credenzas should be tagged on the right pedestal in the knee well.
  - Tables and work benches should be tagged at the top of the right front leg or base on the underside of the table top.
  - Shop, Grounds, and Maintenance equipment should be tagged where the minimum amount of grease, oil, vibration, or heat will be encountered, preferably inside the cab if possible or near the manufacturer’s identification plate if visible.
  - Engineering/Scientific equipment should be tagged near the manufacturer’s identification plate if visible. Large, less mobile equipment should be tagged on the front. Asset tags should not interfere with the proper function of the equipment.
  - Athletic equipment (e.g. weight equipment, balance beams, treadmills, etc.) should be tagged on the leg or post of the asset.
  - Vehicles, Golf Carts, Mules etc will be tagged on the dash board in a clearly visible location.

## ❖ Non-taggable Assets

- In general, all Capital assets will be tagged. However, some Capital assets are not practical to tag due to their nature and/or exposure to weather. The following are examples but not limited to:
  - Land and land improvements;
  - Buildings and their service systems;
  - Software
  - Outdoor recreational equipment;
  - Mobile/portable grounds equipment;
  - Capital equipment such as scoreboards, bleachers, built-in lockers, cabinetry, auditorium seating, etc.
  - An asset purchased or constructed as an accessory or modification to an asset (e.g. an internal computer hard drive or memory card) that is already monitored should not be tagged; it should be treated as an improvement to the existing asset. However, if it is not a permanent addition to the asset (e.g. an external disk drive) it should be tagged and counted separately if the acquisition cost is within the capitalization guidelines.

## Physical Inventory

The Missouri Western State University has a combined moveable equipment inventory of over 8,000 items with a historical cost over \$181,895,000 (2012). As a vital asset of the University, this inventory is controlled through Banner Fixed Asset and/or Wisetrack, which functions as the University's official record of property, plant, and equipment. To comply with the statutes of the State of Missouri (Section 34.125 RSMo) and sound fiscal practice, University policy requires that Capital Asset records of moveable and controlled equipment be verified annually. This verification involves comparing items of equipment physically located in each department with departmental asset as recorded in Banner Fixed Assets and/or Wisetrack. The verification process is referred to as a "physical inventory".

### ❖ The Significance of Physical Inventory

- Physical inventories serve several valuable purposes other than compliance with State requirements, including:
  - To ensure that the Banner Fixed Asset and/or Wisetrack will be able to perform the various functions assigned to the system. These functions include financial reporting, planning and budgeting.
  - To help ensure Department Directors are able to fulfill the control and custody responsibilities delegated to them. This includes identifying and locating equipment that "migrates" across departments and facilities without proper updating of Capital Asset records.
  - To ensure that unused/unneeded equipment is identified and disposed of properly.

### ❖ **Timing of Physical Inventory**

- The Capital Asset listing is the primary tool used to conduct the Department's physical inventory. Departments will receive an annual asset listing along with notification of the time frame for completion. The initial fieldwork and updates by Departments must be completed by the end of 2 months from the date asset listing is received.

### ❖ **Inventory Results**

- Once the Departments have completed the physical inventory the results are sent to the Capital Asset/Grant Accountant for updates to the systems. Once the updates are completed a final Capital Asset listing will be sent along with a Physical Inventory Completion Certification form. The Physical Inventory Completion Certification form will need to be completed and returned to the Capital Asset/Grant Accountant.

### ❖ **Physical Verification**

- Information needed to physically verify assets will be distributed to departments by the Capital Asset/Grant Accountant and include the following:
  - Departmental Inventory Listing - An inventory list in tag number order will be distributed via email by the Capital Asset/Grant Accountant to all Department Directors and Department Contacts. The list includes all assets recorded for which the department is responsible.
  - Cover Letter - A cover letter outlining various aspects of the process that may need special effort and attention.
  - Certification Letter - A letter containing a statement that the inventory fieldwork has been completed in accordance with instructions and updates have been submitted to the Capital Asset/Grant Accountant. Upon receipt of the final inventory listing, this letter must be signed by both the individual conducting inventory and the department Director. This signifies official completion of the physical inventory requirement and must be submitted by the due date as indicated in the cover letter.
  - Departmental Inventory Listing
  - Capital Inventory Additions Form
  - Contact List Update Form

## ❖ Requirements of Physical Inventory

- When conducting the physical inventory, several aspects of the asset must be reviewed. We must consider more than simply whether the asset is locatable and, if so, where it is located. The following list summarizes the various measures that must be taken to assure that Departmental Inventory Listings generated are reliable and accurate.
  1. **Are there “tagged” assets in your department not appearing on the list?** Assets located that are not on the listing will need to be added to the Departmental inventory. Complete the “Capital Inventory Additions” form and forward to the Capital Asset/Grant Accountant. The assets on the listing will be researched and transferred to your Department.
  2. **Is the asset “not located”?** If an item cannot be located, but is not believed to be stolen, a **Reconciliation Report** must be completed and submitted. Items that are lost or missing will be marked as so and will remain on the “Fixed Assets Un-Assigned” inventory for three years before they are deleted from the inventory listing. These lost or missing items are left on the inventory for three years in case they are found and to encourage departments to continue seeking them after they are reported lost or missing. If applicable, the Capital Asset Accountant will forward a missing equipment listing to Department Directors after the physical inventory. Departments must account for/or locate the missing equipment within 30 days. If after 30 days the missing equipment is not located the department will have to complete a Reconciliation Report and obtain the appropriate signatures.
  3. **Is the location correct?** If the location of the asset is incorrect you must update the asset to reflect the correct building, room number, and suite letter. Not all rooms have a suite letter and therefore will only have the building and room number for a location.
  4. **Is a responsible person assigned to assets considered “sensitive in nature”?** Assets that are deemed “sensitive in nature” must have a responsible person assigned. Sensitive items are deemed so because they are portable and easily lost or stolen. As such they will be tagged and inventoried within the capital asset system. If such assets are found they will need to be added to the departmental inventory. Complete the “Capital Inventory Additions” form and forward to the Capital Asset/Grant Accountant.
    - i. Sensitive items include but are not limited to: Laptops (notebooks), mini computers not meeting the \$1000 threshold, portable computing devices, Ipads, I-pods, video game consoles and accessories, etc.
  5. **Do all Laptops have a Responsible Person Assigned?** All portable computing devices, mainly laptops and/or notebooks must have a responsible person assigned to it.
  6. **Was the Asset Transferred?** If the asset was transferred but still showing on your listing, please forward a copy of the completed transfer form to the Capital Asset/Grant Accountant. You may need to contact the receiving department for the completed copy as the receiving department is responsible for forwarding the completed transfer form. The copy must have all the appropriate signatures.
  7. **Was the Asset “Surplused (Disposed of)”?** If the asset was surplused but still showing on your listing, please forward a copy of the disposal paperwork. The copy must have a signature for Departmental Approval and a Physical Plant Pickup. If a computer was surplused, a copy of the SS1 form with Information Technology Services signature must also be attached.

## ❖ **Suggestions for Conducting Physical Inventory**

- Departments conducting its own inventory may develop procedures that work best for the department's particular situation. To assure accuracy and efficiency, personnel who examine the equipment should be selected based on their familiarity with the equipment and its locations.
- The overall objective is to systematically and thoroughly examine all facility space under the department's control in search of departmental equipment. This task is complicated by shared use of space, but through cooperation and communication, these complications can be minimized. Once items are physically located, they must be compared to the Departmental Asset Listing and discrepancies noted on the listing in red.

## ❖ **Using the Listing**

- Since all of an organization's equipment appears on one list, searching for assets may resemble a scavenger hunt. The first task is to identify some logical, predetermined sequence of examining the space assigned to your department. For example, you could start with the lowest numbered room and work toward the highest numbered room. Within each room, a logical sequence should also be followed to assure that all space is covered. One suggestion is to first examine assets lining the walls by starting on one side of the door and progressing around the room until the other side of the door is reached. The assets in the center are then examined, also systematically, such as making smaller circles around the room until the center is reached, or starting at one end and moving back and forth, from wall to wall, until the other end is reached. Upon examination of the equipment, the following notations are typically marked on the listing next to the corresponding asset record.
- An indication of "OK" in red should be made next to those items located with all the information being correct.
- Changes in location should be noted by crossing out the incorrect location and writing the correct location in red.
- Print off the "Capital Inventory Additions" form for use if a tagged asset is not on the asset listing.
- Make notations for assets needing reported on the "Reconciliation Report".
- Locate the asset by the tag number and double check that the serial number is correct.
- Use consistent notations throughout the process.

## ❖ **Missing MWSU Inventory Tag**

- From time to time assets may be on the inventory listing but are lacking a MWSU inventory tag. The asset lacking an inventory tag may be a new acquisition and may be in the process of being added to the system or tags may simply come off of an asset. If the asset has been verified by the serial number and matches to the asset on the list make a notation that it needs to be tagged.

## ❖ **Stolen Asset**

- If an asset is stolen, the department needs to contact campus Police Department and have a police report completed. The department will then need to complete a **Reconciliation Report** indicating the asset was stolen. The Reconciliation Report with a copy of the police report attached must be submitted to the Capital Asset Accountant before the asset can be removed from inventory.

## ❖ **Assets Located Off-Campus**

- The University has both portable and non-portable assets located off campus that are to be used for business purposes only. It is the Department Director's responsibility that all assets located off-campus are maintained in a secure manor. This includes portable assets such as laptop computers as well as assets used in satellite locations. All portable assets, such as laptop computers, will be assigned a responsible user. The responsible user is charged with the care and safe keeping of such property. It is the user's responsibility to bring the portable asset on campus for physical inventory.

## ❖ **Transferring Capital Assets**

- A transfer form is to be completed when an asset is transferred from department to department as well as transfers within a department.
  - In the case of an asset being transferred to a different department the "Department to Department" transfer form should be completed. Approvals from both the "Transferring Department" and "Receiving Department" must be on the form. The "Transferring Department" completes sections I, II, and III, then forwards the form to the "Receiving" department who completes IV, V, VI, & VII. It is the responsibility of the "Receiving Department" to forward the original transfer form with required signatures to the Capital Asset Accountant. The receiving department should keep a copy of the completed transfer form for departmental files and forward a copy to the transferring department.
  - In the case of a transfer with-in a department the "With-In A Department Transfer" form should be completed. This form is used when there are changes in location and/or responsible user. Forward the original transfer form with required signature to the Capital Asset Accountant. Please keep a copy for departmental files.

## Disposal of University Assets

All University property (which includes items below the \$1,000 capital threshold) owned through purchase or donation is to be disposed of through surplus property, with the exception of such items as hazardous waste, guns, etc. Contact the Capital Asset Accountant if items are in question.

Prompt reporting and removal of such assets is desirable to maintain an accurate inventory of usable items, in order to reduce storage of unusable items, and to permit sale or alternate use of such items.

A Capital asset disposal occurs when a department has a capital asset that that has become obsolete, damaged, worn out or of no use to the responsible department. At which time the assets, whether, considered capital, non-capital, or donated becomes surplus property. Once the equipment is determined to be of no use to the responsible department, the following should first be determined before transferring assets to the Physical Plant for disposal:

- 1. Make Available to other Departments.** University property deemed disposable by a department and is in working condition should be made available to other departments prior to the removal by Physical Plant. The department wishing to dispose of the assets should send an email listing the assets available to campus news. A deadline of a week should be given to claim the listed assets. If inventoried assets are claimed by a “New” department, the “Department to Department Transfer Form” should be completed. The Transferring Department will complete sections I, II, III, then forwarded the form to the “Receiving” department who will complete IV, V, VI & VII. The Receiving Department is responsible for forwarding the form to the Capital Asset Accountant. If the assets are not claimed see section C “Disposal”.
- 2. Cannibalization.** It may be desirable and advantageous to cannibalize parts of an asset when that item can no longer be used for the purpose for which acquired and/or cannot be economically repaired but its components or parts are usable in the repair or improvement of other assets. Prior to the cannibalization of University assets the responsible department must complete a Cannibalization Form and send to the Capital Asset Accountant in Accounting Services, Popplewell 220. The equipment then will be removed from University asset records. In the event the cannibalization creates a complete item, (Example: a complete computer) this must also be reported on the cannibalization form for tracking purposes.
- 3. Disposal.** To dispose of unwanted assets, regardless of cost, the responsible department must complete a “Surplus Inventory Disposal Form”. **The “SS1” form must be completed and signed by ITS when disposing of computer equipment.** Once the forms are completed and appropriate signatures are obtained the originals should be attached to a Maintenance Request form and submit to the Physical Plan. Original forms, with original signatures are required on all forms. ***Please note that the Physical Plant will not remove any assets without the appropriate completed paper work.*** Once the assets are removed by Physical Plant, the Disposal Form is signed by Physical Plant and sent to the Capital Asset Accountant. A copy of the signed Disposal form should be retained by the department until an updated inventory is provided to the department and the department ensures that items sent to surplus have been removed from its inventory.



## **Disposal (Continued)**

- a. When a department disposes of computer equipment, the SS1 form must be completed to show that the hard drive has been “pulled” or “sanitized” The department will need to contact Information Technology Services to have this completed. A representative from Information Technology Services must sign off of the SS1 form for the form to be valid. The original SS1 form will need to be attached to the work order sent to Physical Plant. Departments should retain a copy of the SS1 form for their records.
4. Assets that are no longer needed by the University will be sold by a bid process via the state statutes pertaining to surplus property.

Missouri Western’s Assets can only be disposed of by the methods outlined in the Capital Assets Policy and Procedures manual. University property should not be donated or traded-in without approval from the Missouri State Agency for Surplus. Departments or individuals do not have the authority to sell or donate any University asset to an outside agency. State assets are required to be sold through the annual Surplus Sale unless otherwise approved. Destruction of Western assets can only be done with prior approval from the Missouri State Agency for Surplus. Contact the Capital Asset Accountant to obtain the approval from the state.

# Forms

and

# Instructions

Please see the  
Accounting Services Web page  
for fillable and/or printable forms.