



XAVIER UNIVERSITY

Fixed Asset Management Policies and Procedures

Effective: 01/01/2021

Last Updated: 03/31/2023

Last Reviewed: 03/31/2023

Responsible University Office: Capital and Accounting Planning - Controller's Office

Responsible University Officer: Vice President, Financial Administration and Chief Business Officer

Scope: Faculty and Staff

A. PURPOSE OF POLICY

The purpose of this Policy is to ensure that those responsible for acquiring, recording, maintaining, and disposing of assets understand and adhere to the rules, regulations, and procedures governing such assets.

Background:

To comply with state and federal regulations and industry accounting standards Xavier University must maintain accurate asset records. Additionally, this policy addresses ownership of the University's fixed assets, accountability for fixed assets, and includes the definition of the capitalization thresholds for fixed assets.

B. Accounting for Fixed Assets:

The Capital and Accounting Planning Manager located in the Controller's Office is responsible for designing, implementing, and maintaining fixed asset accounting procedures in compliance with applicable accounting standards. For additional information such as fixed asset reports, fixed asset categories, useful lives, and depreciation methods, contact the Capital and Accounting Planning Manager.

XU Banner System is used to record capital asset inventories, including value and accumulated depreciation for capitalized assets.

All property with a unit cost or market value greater than or equal to \$5,000 and a useful life greater than two years must be tracked in XU Banner.

Assets with a unit cost of less than \$5,000 will not be tracked in XU Banner Fixed Assets. (For special requirements related to grants or other external sources of funding), please contact the Capital and Accounting Planning Manager for further assistance.

C. Capital vs Operating Expense

A capitalized fixed asset is property such as equipment, buildings and land, with a cost or value equal to or greater than \$5,000 at the date of acquisition and an expected useful life of more than two years. Assets costing below \$5,000 are expensed in the period they are purchased. Costs incurred to keep a fixed asset in its normal operating condition that do not extend the original useful life of the asset or increase the asset's future service potential are not capitalized. These costs are expensed as repairs or maintenance.

D. Types of Fixed Assets

Land and Land Improvements (Non-depreciable)

Acquired land is recorded at the purchase price plus additional costs such as legal and recording fees, surveying fees, damage payments, and land/site improvements that ready land for its intended use and produce permanent benefits.

Land Improvements include such items as paving and sidewalks; sewer, water and gas lines, fencing, permanent light fixtures, etc. A separate account is maintained for improvements that will be depreciated.

For compliance purposes, we have chosen a useful life of 15 years for depreciable land improvements. Each land improvement will be evaluated on a case-by-case basis, but generally only those improvements of \$25,000 or more and an expected useful life of 15 years will be capitalized.

Land Leasehold Improvement

Land leasehold improvements include such items as paving and sidewalks; sewer, water and gas lines; clearing, grading, fencing, permanent light fixtures, etc. in which such improvement is made on land under a lease. A separate account is maintained for improvements that will be depreciated.

Buildings

Buildings are valued at the purchase price or construction cost. Costs shall include all charges applicable to the building (i.e., broker's fees, architect's fees, etc.) Permanently attached fixtures to the building (i.e., heating and ventilation systems) shall be included in the cost of the building.

New Construction

1. The cost of new construction or major renovations will be capitalized, and the extent practical in the circumstances, major components of the building (e.g., HVAC systems, networking systems, elevators) may be separately capitalized.
2. If construction of the building is financed through bonds or other sources of debt, financing costs and interest expense incurred during construction will also be capitalized.

Purchase of Existing Structures

Ascertain whether the following procedures have been followed on a consistent basis:

Purchased buildings should be capitalized at the purchase price plus acquisition costs.

The fair market value of the land should be recorded as such and the value of the building should be the difference between the total cost less the amount capitalized as land.

Additions/Renovations/Improvements

An addition increases the physical size or operating capabilities of an asset through expansion or extension. An example of an addition is a new wing to a building or the addition of an air-conditioning system to a building.

Renovation and improvement costs are incurred to restore or improve existing buildings or other capitalized assets.

1. If an entire building is substantially renovated for another use, the entire cost should be capitalized as an addition to the Plant Funds. Old costs should not be removed from the books unless the new book value would be overstated for fair market value or insurance purposes. If it is determined that the renovation is so substantial that the building has been essentially restored to a like-new condition, the building should be depreciated over 40 years or the new estimated life if less than 40 years.
2. If a renovation or addition expands the square footage of the building, the costs of the addition should be capitalized and depreciated over the greater of the remaining useful life or 20 years.
3. Renovations of less than \$50,000, affecting a small portion of a building such as the renovation of a classroom, should not be capitalized. These expenses should be treated as period costs and should be expensed as incurred.
4. Renovations of \$50,000 or more, which affect a large portion of a building, should be capitalized.

Equipment

1. Equipment with a purchase price of at least \$5,000 and a useful life of at least two years should be recorded in an equipment account.
2. Equipment given as a gift or donated to the university should be recorded at the FMV at the time of the gift or donation.

Vehicles

When purchasing vehicles, the department must forward the original or the dealer copy of the vehicle title to the Capital and Accounting Planning Manager when received. All vehicle titles should be stored in a fire proof safe located in the Controller's office.

Intangible Assets

Intangible assets are computer software, easements, land use rights, patents, copyrights, and trademarks. Intangible assets with an estimated useful life of two or more years are capitalized if the cost is equal to or exceed the \$5,000 capitalization threshold. All other assets not meeting these thresholds are expensed in the year of purchase.

Donations

"Cost" for buildings that been donated will be the Fair Market Value (FMV) of the property at the time of donation. Evidence of FMV includes: Taxable value of property listed on Application for Exemption of Property from Taxation. FMV as determined by an independent appraisal.

Fine Art and Other Collectibles

Fine arts and other collections which may be found in libraries, museums or galleries are currently not required to be depreciated. These assets have an economic benefit or service potential which is extraordinarily long.

At this time, Xavier University will follow a policy of not depreciating fine art and other collectibles which the university believes may be held in perpetuity.

E. Asset Acquisition

The following are the methods by which Xavier University acquires assets:

- Constructed (Departmental)
- Gifted/Donated (Into Xavier)
- Purchased Assets
- Transferred In (From Outside Xavier)

Constructed (Departmental) Assets – These are fabricated assets constructed over a defined development period. Because these assets are not depreciated until capitalized, such assets are generally assumed unusable until fabrication period is complete. If any phase of a multi-phase project will result in an independent, functional unit once that phase is completed, the entire project must be treated as individual fabrications and each phase will be capitalized as completed.

- Asset Management establishes the asset class and posts costs to this asset until the asset is completed and placed in service. While fabricating the asset, it is recognized that each individual component purchased could be less than \$5,000, but at completion the total cost would be \$5,000 or greater with a useful life greater than one year.

Gifted/Donated Assets – Acceptance of any gift-in-kind requires a formal Xavier Agreement and an appropriate approval form routed to all concerned parties, including General Counsel for signature approval. Please contact the Capital and Accounting Planning Manager for further information.

Purchased Assets – All assets purchased must be purchased in compliance with the University's purchasing policy. Contact the Capital and Accounting Planning Manager for additional questions.

Transferred In (From Outside Xavier) (including sponsored activity and loans from other agencies) Any property transferred in from outside Xavier University requires a formal Xavier Agreement. Please contact the Capital and Accounting Planning Manager for further assistance.

F. Maintaining Fixed Assets

To properly maintain fixed assets, faculty and staff should utilize fixed assets with care, consideration, and only in the manner for which they are intended to be used. Fixed assets should be used in support of university business, and should not be used for a personal business or commercial enterprise.

Properly maintaining fixed assets includes abiding by any recommended maintenance schedules, and requesting any necessary repairs if a fixed asset is broken. Repairs to fixed assets such as desks, doors, buildings and etc., should be requested through physical plant.

Repairs to fixed assets supported by Information Services, such as computers and printers, should be requested through Information technology.

G. Audits

Fixed assets are subject to audits. The Capital and Accounting Planning Manager will randomly pick assets from different departments on campus to verify their location. Also, in conjunction with Physical Plant or relevant department will verify assets existence. Each campus location will have an asset verification at minimum of once every 18 or 24 months.

H. Lost/ Theft

Notify Xavier Campus Police, then contact the Capital and Accounting Planning Manager for further direction.

I. Reporting Transfers of Fixed Assets

Fixed assets that are being transferred due to an organizational change, office relocation, or any other exchange should be reported to Capital and Accounting Planning Manager. The Asset Transfer Form should be completed to report a transfer. Any arrangements for moving large or heavy items should be made through the Physical Plant.

J. Asset Disposal

- A standard procedure for the disposition of assets that no longer fulfill the purpose for which acquired.
- Compliance with applicable laws such as: information security, hazardous waste, radiation safety, and sponsored programs contractual obligations, etc.
- Ensure maximum use of property prior to final disposition.

Prior to disposing of any asset, the department must obtain approval from the Controller's Office and Physical Plant. The department is responsible for contacting and obtaining written approval for disposition from the Capital and Accounting Planning Manager prior to actual disposition. Once a disposition alternative is determined, a **Disposal Form** must be completed by the department and forwarded to the Capital and Accounting Planning Manager at the Controller's Office. *Without this form, the department will continue to be responsible for the equipment as reported on the Fixed Asset Report and the accounting system.*

Once the Disposal Form is approved, the Capital and Accounting Planning Manager will reach out to the department with approval to dispose. The requesting department will then follow up with either the Information Technology department for computer equipment or Physical Plant for all other services to arrange disposal. Do not discard of an asset independently. Failure to follow this policy may result to disciplinary actions.

Information Security Considerations

For Xavier University to appropriately control information, IT media that is no longer being used must be properly safeguarded. The disposal of IT media must be coordinated through Capital and Accounting Planning Manager in cooperation with Xavier's Information Technology. For disposal information for IT related equipment, please refer to the Technology Purchasing and Disposal Policy [IT Policy](#)

Hazardous Waste Considerations

Xavier's Physical Plant manages the disposal of hazardous materials including (chemical, lightbulbs, batteries, paint, etc.) The disposal of hazardous materials must be coordinated through Physical Plant department.

L. Depreciation

Xavier University uses the straight-line method of depreciation. XU Banner automatically calculates depreciation by referring to the "Depreciation Key" and "Useful Life" contained in the Asset Master Record. If an asset is subject to depreciation, one full year of depreciation expense, on a straight-line basis, is recognized in the first year regardless of the purchase date.

Asset Type	Useful Life	Asset Type	Useful Life
Buildings	40	Land	NA

Building Improvements	20	Leasehold Improvements	20 yrs. or lease term, whichever is less
Furniture/Fixtures	10	Land Improvements	20
Computer Equipment	5	Production Equipment	8
Telecommunication Equipment	10	Broadcasting Equipment	10
Athletic Equipment	10	Instruments	8
Machinery/Implements	10	Software	5
Vehicles	10	Network Equipment	5