



WAKE FOREST
UNIVERSITY

Fixed Assets Administrative Policy

Approved By:	Brandon Gilliland, AVP for Finance and Controller	
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POLICY STATEMENT

Wake Forest University (WFU) requires that amounts expended for *fixed assets* (in excess of certain thresholds and whether purchased, constructed, gifted/donated or leased) be capitalized, depreciated and periodically reviewed for *impairment* or possible write-off in accordance with *Generally Accepted Accounting Principles (GAAP)*, federal and state laws, University policies and procedures, and private granting agencies' regulations. All fixed assets are owned or accountable by the University and not a specific individual, department or other operating unit. Compliance with the policies and procedures defined herein is mandatory for all WFU faculty, staff and students who are working for or on behalf of the University.

WFU capitalizes fixed asset purchases when they meet all of the following criteria; otherwise the expenditure is recorded as an operating expense in the fiscal year incurred:

- Owned or considered owned by the University or government agencies,
- Held for operations (e.g. not for resale or investment),
- Useful life that exceeds one year, and
- Meets the following materiality thresholds:

Category	Capitalization Threshold
Land	N/A – all land is capitalized
Land Improvements	\$5,000 individually or operating unit
Building (including Construction In Progress)	\$50,000 – aggregate of project costs
Building Systems	\$50,000 individually or operating unit
Building Improvement or Renovation	\$50,000 – aggregate of project costs
Moveable Equipment	\$5,000 individually or operating unit
Vehicles	\$5,000 individually or operating unit
Software	\$5,000 individually or operating unit
Reynolda House Building Systems Improvements/Renovations	\$5,000

PURPOSE OF POLICY

The Wake Forest University Fixed Assets policy and procedures document has been developed to provide the campus community with the information necessary to:

1. Properly identify fixed assets.
2. Ensure that the University’s fixed assets are properly acquired, safeguarded, controlled, recorded and disposed of.
3. Ensure adherence with Generally Accepted Accounting Principles (GAAP), applicable federal and state laws, University policies and procedures, and private granting agencies’ regulations.
4. Promote consistent accounting treatment across the University.
5. Ensure the operating results of University units are properly recorded and reported.

RESPONSIBILITIES

Financial Accounting & Reporting (FAR), a unit within Financial Services, is responsible for the general oversight of fixed assets and the establishment and monitoring of proper internal controls, including maintaining the policy and answering questions regarding the policy.

Fixed Asset Accountant, within the office of FAR, is responsible for:

1. Ensuring the integrity of all fixed asset data including recording all transactions relating to acquisitions, [*disposals*](#), transfers, write-downs, write-ups, [*Construction in Process \(CIP\)*](#), [*depreciation*](#), and physical inventory.

2. Providing training to all university personnel involved in the acquisition, disposal, and transfer of fixed assets.
3. Providing physical inventory training to Departmental Property Administrators (DPA), reconciling book to physical inventory variances, and proposing adjustments as needed.
4. Ensuring that fixed assets are properly identified and tagged, and that authorization is obtained for all transfers, trade-ins, and disposals.
5. Ensuring compliance with GAAP, federal and state laws, and university policies and procedures.

Procurement Services is responsible for ensuring correct coding of Infor 7i and/or Deacon Depot requisitions and purchase orders for the acquisition of capital items.

Accounts Payable is responsible for ensuring correct coding of invoices in payment of fixed assets. Correct coding will ensure that all fixed assets will automatically flow into the Banner fixed asset system when an invoice is paid.

Facilities & Campus Services supports the University units engaged in capital spending projects and many times oversees the capital project. (Information Systems and Athletics usually oversee capital projects related to their specific operations.) Facilities & Campus Services is also responsible for ensuring correct coding of purchase orders entered into Infor10EAM (Datastream 7i). The Surplus unit of F&CS is responsible for [Surplus Inventory](#) and for forwarding to the Fixed Asset Accountant any notification from the DPA regarding [capital asset](#) movement to Surplus inventory.

Deans and Department Chairs (or equivalent financial officers) are responsible for ensuring that departmental units abide by this policy and the accompanying procedures. The financial officers are responsible for implementing these policies and procedures as they apply to the physical control of assets while assigned to their area of responsibility, principally by ensuring that the University assets are appropriately accounted for, valued and safeguarded. Individuals are asked to first contact their financial officers with questions on this policy to ensure that financial officers are aware of such questions and to ensure consistent guidance is provided within each department. The Dean or Department Chair will also empower a University employee in their department to perform the duties of Department Property Administrator.

Department Property Administrator (DPA) is responsible for ensuring their department adheres to this policy and accompanying procedures. The DPA is responsible for all capital assets in their area, including renovations. The DPA partners with the Fixed Asset Accountant to ensure a successful inventory by informing the Fixed Asset Accountant of any movement of capital assets and assisting in the physical inventory process. A [Department Property Administrator Authorization](#) form will be completed and signed by the DPA and the Dean or Department Chair. When DPA authority is transferred from one DPA to another, the ending date is completed on the prior Department Property Administrator Authorization form, a new form is completed and signed by the new DPA and Dean or Department Chair, and both forms are submitted to the Fixed Asset Accountant. In order to successfully fulfill their duties, DPAs are required to attend bi-annual training sessions provided by FAR.

Grants Accounting and Compliance is responsible for 1) ensuring allowability, 2) fund availability for all grant related fixed asset purchases and 3) coordination with the Fixed Asset Accountant to ensure compliance with federal and state regulations, as well as compliance with private granting agency regulations.

Office of Research and Sponsored Programs (ORSP) is responsible for supporting University departments to ensure that sponsored funds are being used appropriately and in compliance with the sponsoring agency's rules and regulations.

Advancement is responsible for obtaining the fair market value of donated gifts and reporting this information to FAR.

Compliance and Internal Audit is responsible for supporting University departments to ensure the appropriate safeguarding of University assets, integrity of financial transactions, and compliance with policies, laws and regulations.

Primary Guidance

Generally Accepted Accounting Principles (GAAP): *AICPA Audit and Accounting Guide, Not-for-Profit Organizations*
<http://www.aicpa.org/Publications/AccountingAuditing/KeyTopics/Pages/NotForProfitEntities.aspx>

Office of Management and Budget (OMB) Circular A-110: *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education*
http://www.whitehouse.gov/omb/circulars_default

OMB Circular A-21: *Cost Principles for Educational Institutions*
http://www.whitehouse.gov/omb/grants_circulars

OMB Circular A-133: *Audits of States, Local Governments and Non-profit Organizations*
http://www.whitehouse.gov/omb/grants_circulars

Federal Acquisition Regulation: *Part 35-Research and Development Contracting, Part 45-Government Property and Part 52- Solicitation Provisions and Contract Clauses*
<https://acquisition.gov/far/current/html/FARTOCP35.html>
<https://acquisition.gov/far/current/html/FARTOCP45.html>
<https://acquisition.gov/far/current/html/FARTOCP52.html>

Statement on Auditing Standards (SAS) No. 115: *Communicating Internal Control Related Matters Identified in an Audit (replaces SAS 112)*
<http://www.aicpa.org/research/standards/auditattest/pages/sas.aspx#SAS111>

ASC 958: *Financial Statements of Not-for-Profit Organizations*
<https://asc.FSb.org/topic&trid=2209682>

ASC 958-360-35: *Accounting for the Impairment or Disposal of Long-Lived Assets*
<https://asc.FSb.org/section&trid=2210011#d3e99320-112913>

Responsible University Office or Officer

FAR, within Financial Services, has direct oversight of the policy and its related procedures.

Who Is Governed By This Policy

Compliance with the policies and procedures defined herein is mandatory for all WFU faculty, staff and students working for or on behalf of the University who have procurement, receiving, and operational use of or access to University property. Full adherence will assist FAR personnel in accurately managing the investment in the University's capital asset inventory and ensure compliance with federal and state laws, and private granting agencies' regulations.

Who Should Know This Policy

All faculty, staff, researchers, officers, trustees, and students working for or on behalf of the university who have procurement, receiving, and operational use of or access to university property.

Specifically, all FAR staff involved in the fixed asset process, Procurement Services, Facilities and Campus Services, Accounts Payable, Office of Research and Sponsored Programs, Risk Management, Grants Accounting and Compliance, [*Department Property Administrators*](#) and Deans, Department Chairs and/or equivalent financial officers.

All DPAs must attend the initial required property administrator training, as well as any subsequent ongoing update training, usually provided every two years.

Procurement Services and Accounts Payable will also be trained in determining what a fixed asset is and the appropriate [account codes](#) associated with fixed assets.

The Fixed Asset Accountant will communicate with the DPAs, as well as, Procurement Services and Accounts Payable regarding updates in the policy or procedures.

Highlights of Revisions, by Date

8/30/09 – 4.1 Overview

2/17/10 – Policy Statement, 2.3 Capitalization Thresholds, 6.1.2 Inventory Frequency and Schedule, 7.4.5 Location codes, Definitions

11/14/14 – Policy Statement, Responsibilities, 1.9 Un-deployed Equipment, 1.10 Software and Website Development, 4.1 Overview, 4.2 Disposals, 4.2.2 Sale of Asset, 4.2.6 University Donation of Assets, 4.3 Transfers, 5.2 Method and Useful Life, 6.1.4 Inventory of Assets Purchased with Grant Funds, 6.1.5 Disposals and Missing Assets, 6.1.10 Preparation for Inventory, 7.4.1 Account Codes, 7.4.2 Asset Type Codes, 7.4.5 Location Coded, Definitions, Appendix, FAQs

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Policy and Procedures

1. ACQUISITIONS

1.1. Overview

- Acquisition, within the context of this document, encompasses the various methods by which WFU obtains, receives, and becomes accountable for property. The most common method of acquisition for University property is through purchases. Other methods include donations (or gifts) and leases.
- When an acquisition meets the requirements of a capital asset as defined in this policy, a [Fixed Asset Addition Checklist](#) is completed by the Fixed Asset Accountant and all accompanying invoices, Purchase Requisitions and/or Purchase Orders are attached and the asset is added into the Banner Fixed Asset module.

1.2. Purchases

Currently, capital purchases are handled by Procurement Services through [Deacon Depot](#) or by Facilities in Infor10 EAM (Datastream 7i). (See [Procurement Services](#) and/or [Facilities & Campus Services](#) respective Policies and Procedures for more detail.)

- For help in determining whether a purchase will be a Fixed Asset, see [“Is This a Fixed Asset Purchase?”](#)

1.2.1. Approvals

- All fixed asset approvals will be conditioned upon compliance with general operating and grant budget limits, as well as sound investment decision making.
- A Purchase Requisition and/or Purchase Order must be completed and approved for all fixed asset purchases.
- For the schedule of authorized approval levels, see [Authorization Approval Levels for Purchasing Fixed Assets](#).

1.3. Purchases to Upgrade Existing Equipment

- 1.3.1. Trade-Ins** - Since the equipment being traded in is permanently leaving the University, this is actually a twofold transaction: an acquisition and a disposal. (See section 4. "[Disposals, Transfers and Impairments](#)" for disposal detail).

1.3.2. Improvements/Renovations/Upgrades - Defined as any addition made to, or change made in, an asset, other than routine maintenance, that prolongs its life or increases its efficiency. These upgrades will be entered into the fixed asset system as a component of the original asset so that the upgrade has its own Ptag number (permanent asset ID number) but can be readily identifiable as a component of the original asset.

1.4. Donations/Gifts to the University

Any donated fixed asset, including donated labor, will be reported to the Fixed Asset Accountant if it has an estimated fair market value of \$5,000 or more individually or as an operating unit. The Advancement office has the responsibility of obtaining fair market value of the item(s) and reporting the value to FAR, along with a full description of the property and/or labor, date received, number of donated items, and the name of the person making the donation. The Advancement office will acknowledge the receipt of the donation/gift, in writing, to the donor. These donated assets will be capitalized as a fixed asset in the Banner General Ledger and Fixed Asset modules and tagged for inventory purposes.

Fair market value may be determined by one of the following:

- Written independent third party appraisal obtained by Advancement.
- A qualified expert on the faculty or staff if he or she is considered to hold special knowledge or expertise related to the property being donated.
- Documentation obtained from a qualified outside source such as “blue book” or a knowledgeable dealer.
- Identifying what it would cost the University to purchase the donated property outright from a vendor.

1.5. New Faculty Transferring Equipment to WFU

When a new faculty or staff member transfers equipment meeting the criteria for capitalization to WFU from another institution or agency, the following procedures apply:

- The DPA should notify the Fixed Asset Accountant upon arrival of the equipment and provide a notice from the institution or agency authorizing the transfer of equipment.
- All of the equipment meeting the criteria for capitalization will be assigned an inventory tag and recorded in the Banner Fixed Asset module. The equipment value is based on the statement of value from the transferring institution or agency. If the value is not stated, fair market value or appraised value will be used.

1.6. Leases

1.6.1. Classification of Leases

- WFU will classify all leases in which the University is the lessee as either capital or *operating leases*. The Financial Accounting and Reporting staff shall utilize the criteria described in [Statement of Financial Accounting Standards No. 13](#) in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a *capital lease* if, at the time of entering into the lease, any of the following factors are present:
 - The lease transfers ownership to WFU at the end of the lease term.
 - The lease contains a bargain purchase option.
 - The lease term is equal to 75% or more of the estimated economic life of the leased property; **or**
 - The present value of the minimum lease payments at the inception of the lease is 90% or more of the fair market value of the leased property (using, as the interest rate, the lesser of WFU's incremental borrowing rate or, if known, the lessor's implicit rate), excluding executory costs (e.g. insurance, maintenance and taxes paid in connection with the leased property).
- Leases of equipment that are approved and executed by Finance Senior Management are kept on file by Procurement Services. All leases that do not possess any of the four preceding characteristics shall be treated as operating leases.

1.6.2. Accounting for Leases

- All leases that are classified as operating leases shall be accounted for as expenses in the period in which the obligation to make a lease payment is incurred.
- All leases that are classified as capital leases shall be treated as fixed asset additions to Wake Forest University. As such, upon the inception of a capital lease, FAR shall record a fixed asset and a liability under the terms of the lease, based on the net present value of the minimum lease payments (or the fair market value of the leased asset, if it is less than the present value of the lease payments).

- Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense.
- The fixed asset recorded under a capital lease shall be depreciated over the term of the lease, using the [straight-line method of depreciation](#).

1.7. Employee Owned Property Brought on University Premises

- To maintain proper identification upon employees separating from the University, any employee owned equipment, furniture or fixtures brought onto University premises should be reported to the University Police Department on the form found at: <http://www.wfu.edu/police/form-op-id.html>. The information provided will be entered and maintained in the database of the University Police Department.
- The University will not be responsible for any employee owned property used or maintained on University premises nor will University insurance coverage be placed on such property.

1.8. Vendor Owned Equipment

- Any equipment furnished by a vendor and utilized by a WFU department will be the responsibility of the vendor and not included in the University's asset records, insurance coverage, or inventories.

1.9. Un-deployed Equipment

- Any equipment purchased to sit in storage until needed will be treated as any other asset in respect to capitalization and depreciation. The usage percentage will remain at 0 until the asset is deployed. The location will also be updated at deployment.

1.10. Software and Website Development

1.10.1. Software Development

- All costs incurred during the preliminary project stage (the conceptual formulation and evaluation of alternatives, the determination of needed technology, and the final selection of alternatives for the [software](#) development) are expensed.
- Direct costs incurred during the application development stage (the design of the chosen path; including software configuration and interfaces, coding, installation, testing and parallel processing) are capitalized. General, administrative and overhead costs are expensed.
- Costs incurred during the post-implementation/operation stage (training and

maintenance) are expensed. Data conversion that is not necessary to make the software operational is considered a post-implementation/operation cost. Software developed for research and development or resale purposes are expensed.

- Modifications that increase the capacity, efficiency or extend the useful life are capitalized. Other modifications, including maintenance and other outlays that do not (1) result in upgrade or improvement or (2) extend the useful life are expensed.

1.10.2. Website Development

- All costs incurred during the planning stage (developing the project plan, determining the functionalities and whether the technology for them exists, determining the hardware requirements, identifying the internal and external resources needed inviting and selecting vendors and addressing legal concerns) are expensed.
- Costs incurred during the application and infrastructure development stage (obtaining a domain name, acquiring or developing the needed software, purchasing the server, routers, and internet connection, installing the applications on the webserver, creating links and testing) are generally capitalized. Software costs are capitalized as software and hardware costs are capitalized as property, plant & equipment. Any software purchased or developed for research and development or resale purposes is expensed. Costs incurred for website hosting are expensed over the period of service.
- Costs incurred during the graphics development stage (creating the look and feel of the webpage; such as the borders, backgrounds, headings, frames, etc. that generally do not change with changes to the content) are accounted for as internal-use software and capitalized. Modifications to graphics after a website is launched are evaluated to determine whether they are maintenance (which is expensed) or enhancements (which are capitalized).
- Costs incurred during the content development stage (creating the articles, charts, photos, etc. that populate the website pages) are generally expensed. Software purchased or developed to integrate a website with a database is capitalized.
- Costs incurred during the operating stage (training, administration, maintenance and other costs to operate the website, registering the website with search engines and adding functionality or new features to an existing site) are generally expensed. However, costs of adding functionality or features are accounted for as new software and are capitalized as such.

2. CAPITALIZATION

2.1. Overview

- Capitalized assets include land, land improvements, buildings, building systems, building improvements and renovations, furniture, fixtures, machinery, equipment, vehicles, software (including internally developed software), and capital leases (see [Capitalized Decision Chart](#)).
- All assets are capitalized either in the year of construction, being at least 90% complete, and/or when placed into service.

2.2. Capitalization Conditions

A fixed asset is capitalized only if it meets **all** of the following conditions:

- Owned or considered owned (e.g. capital leases) by the University
- Held for operations (not resale)
- Useful life that exceeds one year
- Meets the [capitalization threshold](#).

2.3. Capitalization Thresholds

The capitalization threshold is \$5,000 for individual assets or operating unit, including freight, installation costs, etc. and \$50,000 (\$5,000 for Reynolda House) in aggregate for building systems and [renovations](#). All asset purchases that do not meet these criteria will be expensed in the year of purchase as either a small equipment purchase or [maintenance and repair](#) expense, unless the asset purchases are an integral component of a major capital project (e.g. new residence hall) and, in aggregate, expensing these purchases would present a material deviation from GAAP.

2.4. Accounting for University Assets

Capital assets will be recorded in the University financial records on a cost basis. This basis will include all freight and delivery charges, installation, setup costs, trade-in amounts, and any other costs of acquisition. Interest costs may or may not be capitalized as part of the construction of the fixed assets. Cash discounts taken will be recorded as a reduction of the cost. Gifts and donated items are valued at an estimated fair market value.

2.5. Capitalization Treatment of Repairs

2.5.1. Major Repairs - Repair expenditures that increase the capacity or operating efficiency of an asset shall also be capitalized. Examples of repair expenditures that shall be capitalized are as follows:

- Replacing a roof, and in so doing, substantially prolonging the building's life
- Reconditioning air conditioning units in such a way that extends their useful life

- Replacing a van's engine that was substantially worn out

2.5.2. Minor Repairs - Minor repair expenditures are usually treated as current year operating expenses even though they may have the characteristics of capital expenditures. Expenditures incurred in connection with maintaining the existing University facilities in good working order shall be expensed as a current year repair. Examples of repair expenditures that shall be expensed during the current fiscal year are as follows:

- Replacing broken glass
- Painting, carpeting, and decorating a classroom
- Temporary repairs that last less than one year

2.6. Construction In Progress (CIP)

FAR maintains costs of buildings and other assets being constructed which are accumulated and accounted for in a separate *Construction in Progress* account until the project is at least 90% complete based on project spending or the University has received a certificate of occupancy. Upon completion of construction and/or placement into service, the asset shall be removed from the CIP account and entered into the Banner Fixed Asset module under the appropriate classification. Any expenses incurred thereafter will be posted directly to the asset.

3. ASSET TAGGING

3.1. Overview

- A numbered WFU Property asset tag will identify items recorded as assets in the Fixed Asset module. Using these tags will:
 - Provide an accurate method of identifying assets as University property
 - Aid in the performance of physical inventories
 - Control the location of all fixed assets
 - Provide a common ground of communication for both FAR and the assets users
- Assets purchased with grant funds become the responsibility of the University and must be tagged and recorded in the Banner Fixed Asset module accordingly. This equipment requires the approval of the Manager of Grants Accounting before the equipment can be transferred or disposed.

3.2. Identification of Taggable Assets

- The Fixed Asset Accountant will work closely with the DPA to identify the correct asset for tagging by comparing the description,

serial number, model number, manufacturer, etc. from the invoice to the asset.

- A “Property of Wake Forest University” asset tag with bar code will be placed on the asset to facilitate scanning with the hand-held scanning unit.
- Once the item has been tagged, additional information such as building and room number will be noted and entered into the Banner Fixed Asset module.

3.3. Tag Location General Guidelines

- The following tag location standards will be adhered to when attaching WFU Property asset tags to the fixed assets:
 - Generally, tags should be placed directly on the main component of the asset. The Inventory Count Team will consult with the DPA concerning the best placement on certain pieces of equipment, such as microscopes, lens, etc.
 - Assets should be tagged in the front upper right hand corner when possible. If this area is not available, tag in another easily visible and accessible location.
 - Never tag an asset on the bottom unless this is the only reasonable choice.
 - Assets subject to being painted should be tagged in a location least likely to be painted over.
 - WFU Property 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 near the manufacturer’s identification plate.

- Engineering/Scientific equipment should be tagged near the manufacturer's identification plate. Large, less mobile equipment should be tagged on the upper right hand corner. WFU Property asset tags should not interfere with the proper function of the equipment.
- Athletic equipment (e.g. balance beams, treadmills, etc.) should be tagged on the leg or post of the asset under the guidance and supervision of athletic department personnel. No athletic equipment should be tagged in any manner that violates the rules and regulations of any governing body.
- Pianos/Keyboards, Upright pianos, electronic keyboards, grand and baby grand pianos should be tagged near the serial number under the lid.

3.4. Non-taggable Assets

- In general, all fixed assets will be tagged. However, some fixed assets are not practical to tag due to their nature and/or exposure to weather, for example:
 - Land and land improvements;
 - Buildings and their service systems;
 - Outdoor recreational equipment;
 - Vehicles
 - Mobile/portable grounds equipment;
 - Lenses, microscopes, etc.;
 - Fixed 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 fixed asset capitalization guidelines.

- In cases such as noted above, a “Non-tagable assets” binder will be maintained by the DPA containing a corresponding [Non-tagable Asset Form](#) describing the item, as well as the WFU Property asset tag attached to the document. During inventory, the physical existence of the equipment must also be verified. A master listing of non-tagable assets will be maintained by the Fixed Asset Accountant.

4. DISPOSALS, TRANSFERS AND IMPAIRMENTS

4.1. Overview

- When an asset has been scrapped, sold, stolen, traded-in, donated, transferred, its value has been permanently *impaired*, or for any other reason the asset is no longer in service; any remaining value of the asset, net of accumulated depreciation, must be written off or written down to its net realizable value. If written off, this involves removing both the asset and associated accumulated depreciation from the Banner Fixed Asset and General Ledger modules, and recognizing a *gain or loss*, if any, for the difference in the general ledger.
- All fixed assets that have been disposed, traded, donated or sold will also be disposed from Sage Fixed Assets, the University's fixed asset inventory tracking system.
- A [Fixed Asset Update Form](#) is to be completed by the DPA whenever a moveable fixed asset is no longer required by the department for any reason and they wish to dispose the asset. The DPA will then contact Surplus for assistance in disposing of the asset.
- If the asset to be disposed, traded, donated, transferred or sold is Non-tagable, the DPA will also attach the [Non-tagable Asset form](#) (kept in the Non-tagable Asset Binder) to the Fixed Asset Update Form.
- Expenses incurred relating to the disposal of fixed assets are billed to the department responsible for the asset at time of disposal.

4.2. Disposals

- Departments shall promptly advise Surplus when any asset (regardless of its' value) is no longer required. Surplus will make the decision on the most cost effective and beneficial disposition of the asset and complete the [Fixed Asset Update Form](#) for those assets that have been capitalized.

Note: There are special considerations for disposing of computer and related equipment. For this reason, disposals of technology equipment are handled by the Information Systems (IS) department. Please see the [Information Systems Recycling of Technology Equipment](#) web page for

more information. Additionally, disposals of vehicles will be handled by the Manger of Fleet Services.

4.2.1. Scrapped Assets

- Any capitalized asset that becomes obsolete, worn beyond reasonable repair or no longer has a department use will be reported to Surplus on the [Fixed Asset Update Form](#). This asset shall be fully described noting tag number, serial number, barcode number (if applicable), and perceived condition.
- Surplus will inspect the asset to determine its condition.
- Surplus will note on the [Fixed Asset Update Form](#) if the item will be placed in Surplus Inventory or disposed and forward the completed form to the Fixed Asset Accountant.
- When an asset is removed from Surplus Inventory by being transferred to a department or disposed, Surplus will complete a [Fixed Asset Update Form](#) and forward the form to the Fixed Asset Accountant.
- The Fixed Asset Accountant will then transfer the asset to its new location or dispose the item from the Sage Fixed Assets inventory tracking module, the Banner Fixed Asset module, and General Ledger.

4.2.2. Sale of Asset

- The buyer of surplus University furniture and equipment must be given an executed [Bill of Sale](#) signed by the Surplus Coordinator. This Bill of Sale must state that the sale is "final" and the property is sold in "as is" condition. The buyer of University vehicles must be given an executed [Bill of Sale](#) signed by the Manager of Fleet Services.
- After completion of the sale, the [Fixed Asset Update Form](#), with [Bill of Sale](#) attached, will be submitted to Financial Accounting & Reporting. The Fixed Assets Accountant will update the accumulated depreciation to the date of the sale (if applicable).
- Once depreciation is updated, the cash or goods received are debited at fair market value, accumulated depreciation of the asset sold is debited for its *net book value*, and the depreciable asset is credited for its *historical cost*. Thus, the gain or loss on the transaction is simply the difference between the fair market value of the asset received and the book value of the asset given up.

- All proceeds from the sale of University furniture, equipment, and vehicles will be recorded in the unrestricted operating fund unless the property was purchased with grant funds (see [OMB Circular A-110](#) for information regarding grant assets).

4.2.3. Stolen Assets

- Campus Police shall be immediately contacted when a WFU employee becomes aware of missing and/or possibly stolen University property.
- A report shall be filed with Campus Police, with a copy being sent to FAR for insurance purposes, describing the item missing (including serial numbers, fixed asset numbers and barcode, when available) and give any pertinent facts surrounding its disappearance. An additional copy of the police report should be attached to the [Fixed Asset Update Form](#) and sent to the Fixed Assets Accountant for asset tracking purposes.
- Campus Police will determine the proper course of action and will notify any outside authorities if deemed appropriate.

4.2.4. Asset Trade-in

- When the disposal represents a trade-in on a similar asset, the newly acquired asset shall be recorded at the net book value of the trade-in asset plus any additional cash paid or financed via a loan or lease agreement.
- In no instance shall total cost exceed the fair market value of the new asset.

4.2.5. Replacements

- Occasionally, an asset will be replaced with an exact same model asset, the only difference being the serial number. This happens mostly with servers in IS and in WFUSB. When this happens, the DPA is required to complete the [Fixed Asset Replacement Form](#) and send it to the Fixed Asset Accountant to make the change in the Fixed Asset record.

4.2.6. University Donation of Assets

- The University may choose to donate surplus items (with Controller approval for donations with a net book value over \$25,000) to appropriate and qualified organizations; such as, religious, charitable, educational, scientific, literary, etc. organizations. (Note: If the items were originally funded by a

federal or state grant, there may be restrictions to donate property). This sort of disposal is handled by Surplus, who will complete the [Fixed Asset Update Form](#) and forward the form to the Fixed Asset Accountant. The asset will be removed from the fixed asset records upon receipt of this documentation. The net book value of the donated asset is transferred to the Charitable Contributions account 56018. FAR also completes Form 8283 whenever WFU makes this type of donation per the [Charitable Contributions Policy](#).

4.3. Transfers

- From time to time, fixed assets are transferred between WFU departments. When this happens, the original department DPA should initiate the transfer paperwork and contact Surplus.
- A [Fixed Asset Update Form](#) must be completed, indicating the new location (building, department, room) and effective date of transfer and sent to the receiving DPA, who approves the transfer and sends the form to the Fixed Asset Accountant. The Fixed Asset Accountant then records the transfer in the Banner Fixed Asset module and Sage Fixed Assets inventory tracking module.
- The transfer must be approved by both the sending department and receiving department
- The effective date of the transfer is the actual date of the physical relocation of the asset and the date in which accountability for the asset will change. Until the relocation has actually occurred, the original Dean or Department Chair will be held accountable for the asset. The receiving Dean or Department Chair will assume full responsibility of its care and oversight on the effective date of the transfer.

4.4. Impairments

- An asset may be impaired (the unexpected and significant decline in an assets service utility, e.g. expected usable capacity at acquisition) due to events or change in circumstances, e.g. suffer physical damage, obsolescence or change in technology, change in regulatory or environmental factors.
- The [Fixed Asset Update Form](#) must be completed by the DPA to report the impairment so that the asset can be revalued in the Banner Fixed Asset module to reflect the decline.
- If an asset has been permanently impaired, the asset must be written down to its estimated remaining value or, in some cases, written off entirely. This [write-down](#) or [write-off](#) is accounted for in the same manner described in [4.2.1. Scrapped Assets](#) of this document.

4.5. Equipment Used Off-site

- Any employee of the University who possesses and/or removes WFU tagged property (excluding vehicles) from any University premises must have an [Equipment Loan Authorization](#) form completed, signed and approved by the Dean, Department Chair or equivalent financial officer.
- Employees may not authorize his/her own loan authorization receipt.
- Users of equipment taken off-site should protect such equipment in their possession as if it were employee owned.
- The DPA is required to maintain an [Equipment Location Record](#) for any equipment that will be used off campus for more than 2 continuous weeks.
- The DPA is also required to maintain an [Off-Campus Equipment Verification Worksheet](#) for any equipment not in its assigned location during inventory (e.g. equipment loans to another university; asset being repaired at a location other than its assigned location).
- All of the above equipment location forms should be kept current for insurance or inventory purposes and to support required audits.
- The University reserves the right to request the return of WFU property at any time.

5. DEPRECIATION

5.1. Overview

- The use of *depreciation* affects the University's *financial statements*. The recording of depreciation will cause an expense to be recognized; thereby lowering the stated change in net assets on the Statement of Activities, while the net value of the asset will decline on the University's *Balance Sheet*. Depreciation reported for accounting and tax purposes may differ substantially, depending on the methods used for each purpose.
- Depreciation is a non-cash expense, therefore; it will not directly affect the University's *cash flow*, as both are accounting representations of expenses attributable to a given period. Depreciation recognized for tax purposes will, however, affect the cash flow of the University, as tax depreciation will reduce taxable profits (*UBIT*); there is generally no requirement that treatment of depreciation for tax and accounting purposes be identical.

5.2. Method and Useful life

- The cost of all capitalized assets will be depreciated on a monthly basis over the estimated useful life using a generally accepted depreciation method.
- For financial reporting purposes, the following useful lives and depreciation methods shall be used for WFU asset categories:

<u>Asset Category</u>	<u>Useful Life</u>	<u>Depreciation Method</u>
Software	3 – 5 Years	Straight Line
Vehicles	5 Years	Straight Line
Equipment & Furnishings	5 Years	Straight Line
Building Improvements	10 Years	Straight Line
Building Systems	25 Years	Straight Line
Buildings – 10	10 Years	Straight Line
Buildings – 20	20 Years	Straight Line
Buildings – 30	30 Years	Straight Line
Buildings – 40	40 Years	Straight Line
Land Improvements	10 Years	Straight Line

- Since land does not have a determinable life, no depreciation will be taken.
- Art and collectables are not depreciated or recorded as fixed assets. They are expensed in the period of acquisition.

5.3. Other Depreciation Considerations

- When the cost of improvements is substantial, or when there is a change in the estimated useful life of an asset, depreciation charges for future periods shall be revised on the basis of the new book value. In cases that include a change in useful life, the revision shall be measured prospectively and accounted for in current and future periods.
- Costs accumulated in the Construction in Progress account shall not be depreciated since the asset has not yet been placed in service.
- Fully depreciated assets shall remain on the asset records with its related accumulated depreciation as long as the asset is still being used in University operations.

6. INVENTORY

6.1. Physical Inventory

6.1.1. Overview

- Physical inventories shall be conducted by the department to verify the accuracy of the University's property records in the Banner Fixed Assets and Sage Fixed Assets inventory tracking module, as well as the existence and activity status of the assets.
- Results of performed inventories will provide an overall assessment of the effectiveness of property management and the level of compliance with established policies and procedures, as well as federal and state, and private granting agencies' regulations.
- Verification letters will be used for inventories of off-campus WFU owned properties.

6.1.2. Inventory Frequency and Schedule

- Property inventories will be conducted at minimum every two years to comply with federal regulations.
- Developing and managing the schedule for physical inventories is the responsibility of the Fixed Asset Accountant. A copy of the inventory schedule is available on the [Asset Management webpage](#).

6.1.3. Inventory Methodology

- Physical inventories are primarily done on a 100%, wall-to-wall basis, for assets meeting the criteria listed below. However, alternate methods such as sample inventories may be used for special inventories, if needed.
- The base records for physical inventory are derived from records in the Banner Fixed Assets module. At least one of the following criteria must be met for assets to be included in the physical verification and reconciliation during the physical inventory:
 - WFU-owned capital equipment in use by the department
 - Leased or loaned property for which WFU is accountable
 - Grant funded assets for which WFU is accountable
- The Fixed Asset Accountant and/or designee will partner with the DPA to conduct the physical inventories.

- Each asset physically verified during the inventory is marked with a WFU Property inventory tag with barcode.
- Verification of the existence and accountability of the property is done through one of the following methods:
 - For equipment, electronic scanning of the barcode decal or barcode number and physical verification of specific attributes (see attributes below).
 - Review and data entry from a valid off-campus worksheet and/or sign-out logs (must have been updated within two (2) months of the inventory date).
 - Documentation in the Non-taggable Assets binder along with physical verification of the asset.
 - Other acceptable transaction supporting documentation, as agreed to between the DPA and the Fixed Asset Accountant.
- Attributes verified and reconciled to the property record include (at a minimum):
 - WFU Property Asset tag number
 - Description
 - Manufacturer
 - Model Number
 - Serial Number
 - Vehicle Identification number
 - [Location](#)
 - [Use Status](#)
 - [Condition](#)
 - Asset Taggability
- Preliminary results are reported to the DPA within 3-5 business days after the completion of the initial sweep through the department or designated area. Through this report, the DPA will be informed of any discrepancies and is responsible for providing resolution to each item listed.

6.1.4. Inventory of Assets Purchased with Grant Funds

- In the year an asset is placed in service, the DPA will be sent a WFU Property [asset tag](#) to place on the equipment. The tag number will be noted in the Banner Fixed Assets module.

- In the event that a WFU Property asset tag cannot be placed directly on the asset, a tag number will be assigned and placed in that department's Non-taggable Asset binder maintained by the DPA. A master list of non-taggable assets will be maintained by the Fixed Asset Accountant in FAR.
- Each spring, the Grant Manager will request a listing of the prior year grant purchased assets from the Fixed Asset Accountant for use in verifying said grant assets. The listing will be analyzed and sent to the respective DPA for verification that the grant assets are tagged and reside in their area. The listing will then be amended (if needed) and approved by the [Principal Investigator](#) and/or DPA, and returned to the Fixed Asset Accountant.
- During even date years (e.g. 2014), a complete equipment physical inventory of grant purchased fixed assets will be performed. When the inventory is reconciled, the asset record will be updated in the Banner Fixed Asset and Sage Fixed Assets inventory modules to ensure compliance with federal property management requirements.
- The DPA will consult with FAR and/or ORSP prior to making any decision concerning disposing of or placing an asset purchased with grant funds in Surplus Inventory.

6.1.5. Disposals & Missing Assets

- The DPA is responsible for reporting all disposals, transfers, sales or discards of purchased equipment, using the required WFU [Fixed Asset Update Form](#). The form should be completed with appropriate departmental approvals and any supporting sales documents, and forwarded to Surplus and the Fixed Assets Accountant, as well as the Manager of Grants Accounting for Restricted Fund purchased assets.
- If an asset is not located during the physical inventory, the DPA will make every attempt to locate the equipment, with the help of the Principal Investigator for grant funded assets. If the item is thought to be stolen, Campus Police will be notified immediately (See [4.2.3 Stolen Assets](#)).
- The department will be given a period of 30 days to locate the items in question. If after 30 days the equipment cannot be located, a WFU [Fixed Asset Update Form](#) will be completed as noted above. In addition, a report may be submitted to the Controller, who will work with the appropriate administrator to resolve the issue.
- If the items in question are still missing after 45 days, the asset will be removed from the Banner Fixed Asset module and the Insurance Administrator will be notified if the asset's value is over \$25,000.

The Controller's Office may also submit a report to the Provost's Office, with a copy to the respective Dean and Senior Vice President/CFO.

- The Principal Investigator is responsible for notifying the sponsoring agency of any equipment loss or disposal of grant funded assets.

6.1.6. Inventory of Non-taggable Assets

- Non-taggable assets that meet the eligibility criteria discussed above are also subject to verification during the physical inventory.
- A tag number will be assigned to the asset and placed in that department's Non-taggable Asset binder maintained by the DPA.
- The tag located in the Non-taggable binder will be scanned when the non-taggable asset is physically verified.

6.1.7. Employee Owned Property

It is recommended that staff members who have employee owned property on campus clearly identify on the equipment that it is not WFU property and who it is owned by, including a contact phone number. This will make the inventory process easier and eliminate the mistake of the equipment being inventoried. (See [1.7 Employee Owned Property Brought on University Premises](#)).

6.1.8. Reconciliation and Adjustments

- The results of each inventory must be reconciled, posted to the respective property record and reported to the inventoried department.
- Within 5 business days after the completion of the initial sweep through a department or designated area, preliminary inventory results are provided by the Fixed Asset Accountant to the DPA. This hand-off initiates a 30-day reconciliation period during which a resolution will need to be provided for all discrepancies on the listing.
- The DPA is responsible for providing final resolution to each noted discrepancy. Every effort must be made to locate items not found during the initial sweep.
- Items found during the physical inventory period that were not on record are considered to be potential additions or adjustments and must be resolved during the 30 day reconciliation period as well.

- For items not found or accounted for during the reconciliation period, the DPA must provide a written confirmation to the Fixed Asset Accountant of the efforts made to locate the assets and the potential circumstances leading to the items being misplaced, lost or stolen.
- Assets disposed of as a result of not being found during physical inventories, and subsequently found, will be reviewed on a case by case basis for potential reactivation ([See 6.1.5. Disposals & Missing Assets](#)).

6.1.9. Inventory Results and Reports

- Results of a physical inventory of defined fixed assets are posted to the inventory module and reports are generated within 30 days after the completion of the reconciliation period.
- After analyzing the results for each inventory, corrective actions for property management practices may apply and the DPA for that department, along with the Fixed Asset Accountant, will work with each area to correct these problems.
- Periodic report distribution may include, but is not limited to, the following:
 - Accountable department DPA (also surplus, scientific, etc.)
 - Principal Investigator (where applicable)
 - Manager of Grants Accounting (where applicable)
 - Controller's Office
 - Dean or Department Chair
 - WFU Police Department (missing items thought to be stolen only)
- Content and format of periodic reports may vary, depending on the needs of the receiving party.
- Additional details on inventory reporting may be found in section [8. Reporting](#).

6.1.10. Preparation for Inventory

- Preparation is a key factor to the success of the inventory process. In collaboration with the Fixed Asset Accountant, if departments follow a few routine steps, the inventory process should move very smoothly with minimal errors. To prepare, DPA's should routinely follow the checklist below:
 - Identify all assets purchased or gifted/donated

- Identify non-WFU owned assets (including employee-owned assets) so they will not be counted
 - Ensure all assets requiring additional identification (e.g.: donation, grant funded asset, etc.) have been tagged appropriately
 - Ensure all assets located off campus are identified on [Off-Campus Equipment Verification Worksheets](#) and have been updated and signed by the DPA within the last 2 months
 - Identify non-taggable assets and ensure records correctly identify whether or not an asset is non-taggable
 - Ensure the Non-taggable Assets binder has been updated (all new non-taggable assets have a WFU Property asset tag in the binder and any disposed assets have been removed from the binder and returned to the Fixed Asset Accountant)
 - Update Surplus and/or the Fixed Asset Accountant continually throughout year as needed when disposals, transfers or impairments occur using the [Fixed Asset Update Form](#).
- Performing these tasks on a regular basis and ensuring they are completed prior to the inventory will directly impact how simple or difficult the inventory reconciliation will be.
 - The Fixed Asset Accountant will contact the DPA by email approximately two weeks prior to the next inventory cycle to schedule the department's perpetual inventory. This email will include the current list of department assets, a schedule of dates and times available and inventory procedures. The DPA will inform the Fixed Asset Accountant of the date and time selected, as well as the meeting place for the inventory. The Fixed Asset Accountant will confirm this selection by sending a meeting request to the DPA, who will in turn, accept the request or make any needed changes.
 - A few weeks prior to the inventory, the DPA should:
 - Notify the Dean or Department Chair, colleagues, associates, fellow staff and faculty members of planned inventory dates. Methods to accomplish this include phone calls, email announcements, presentations at local staff meetings, and posting of information in labs/department areas.

- Ensure the Non-taggable Assets binder is up-to-date and readily available for the [inventory team](#).
- Identify all locations of the Department's assets (including offices, storage areas, labs, off-Campus sites, etc.).
- Collect and have copies available of the [Off-Campus Equipment Verification Worksheet](#) for inventory purposes. Ensure these forms have been updated and signed within the past two months.
- Identify areas within your department that need special attention or precautions, such as:
 - Lab areas
 - Clean Rooms
 - Confined spaces
 - Biohazard areas
- A few days immediately preceding the physical inventory, the DPA should:
 - Remind colleagues, associates, fellow staff and faculty members of planned inventory dates
 - Ensure all non-inventory items (including non-WFU and employee-owned items) are prominently labeled
 - Arrange for escorts with the necessary keys, door codes, etc. to accompany inventory count teams on pre-scheduled inventory day(s)

7. ASSET RECORDS

7.1. Overview

The relationship between the Banner Fixed Asset module and the Financial Accounting component of Banner Finance is one of detail to control. Summary asset values are recorded in the General Ledger control accounts while supporting detail is maintained within Fixed Assets. Within the Banner Fixed Asset module, asset records are created and transactions processed to reflect asset activity and data are collected for accounting. An accounting feed interface generates journal entry transactions which then update the General Ledger.

7.2. Upkeep and Maintenance

The Financial Accounting & Reporting department is responsible for the upkeep and maintenance of the Banner Fixed Asset module.

7.3. Record Information

7.3.1. Asset Record

The Banner Fixed Asset module contains all capitalized assets of Wake Forest University along with depreciation records. In this module each recorded asset may contain the following information:

- Asset number (Permanent Tag or Ptag)
- Primary Tag (if [component](#) or [attachment](#))
- Asset Description
- [Asset Type](#)
- Cost
- Net book value
- [Method of acquisition](#)
- Date acquired
- Make/Model/Manufacturer
- Serial number/Vehicle Identification number
- Taggability of asset
- Sage ID number
- In Service Date
- Last Inventory Date
- Percentage used
- Condition
- Disposal method and date
- Invoice information
- Responsible Department
- Physical location
- Grant
- DPA
- Equipment Manager
- Funding Source
- Capitalization Fund
- Equity Account
- Asset Account
- Accumulated Depreciation Account
- Cost/Adjusted Cost
- Accumulated depreciation

7.4. Banner Classification Codes

7.4.1. Account Codes

- The following [Capital Expense Account Codes](#) are used when coding a Purchase Order or invoice purchasing capital assets:
 - 51530 - Capital Equipment and Furnishings
 - 51531 - Capital Land
 - 51532 - Capital Software
 - 51537 - Capital Vehicles
 - 51538 - Capital Buildings
 - 51539 - Capital Building Improvements
 - 56023 - Capital Lease Expense
- The following [Asset Account Codes](#) (for FAR use only) are used to classify general university capital assets:
 - 14010 - Land
 - 14011 - Buildings
 - 14012 - Building Improvements
 - 14013 - Equipment & Furnishings
 - 14014 - Vehicles
 - 14015 - Construction in Progress (CIP)
 - 14016 - Software
 - 14021 - Land Improvements
 - 14022 - Building Systems
- The following [Asset Account Codes](#) (for FAR use only) are used to classify non-pooled investments in real estate:
 - 13400 – BB&T University Building
 - 13401 - Reynolda Village
 - 13402 - Reynolda Rd.
 - 13403 - Reynolds Blvd. (UCC)
 - 13404 - Building Improvements
- The following [Depreciation Expense Account Code](#) (for FAR use only) is used in conjunction with the above Asset Account Codes: (Note: Land and CIP are not depreciated)
 - 60011 - Depreciation
- The following [Accumulated Depreciation Account Codes](#) (for FAR use only) are to be used in conjunction with the above Asset Account Codes (Note: Land and CIP are not depreciated):
 - 14111 - Accum Depr Buildings
 - 14112 - Accum Depr Bldg Improvements
 - 14113 - Accum Depr Equip & Furnishings
 - 14114 - Accum Depr Vehicles
 - 14115 - Accum Depr Software
 - 14121 - Accum Depr Land Improvements
 - 14122 - Accum Depr Building Systems

13900 – BB&T University Building Accum Depr
13901 – Reynolda Village Accum Depr
13902 – Reynolda Rd. Accum Depr
13903 – Reynolds Blvd. (UCC) Accum Depr
13904 – Building Improvements Accum Depr

- The following Account Codes are used during disposal of Fixed Assets:
 - 46019 - Proceeds from Sale of Fixed Assets
 - 56536 - Disposal of Fixed Assets

7.4.2. Asset Type Codes

The following Banner fixed asset type codes shall be used:

LA	Land
LI	Land Improvements
B1	Buildings-10 year life
B2	Buildings-20 year life
B3	Buildings-30 year life
BD	Buildings-40 year life
BS	Building Systems
EQ	Equipment
EA	Athletic Equipment
EV	Audio/Visual Equipment
EB	Books
EI	Computers & Associated Equipment
EF	Furniture and Furnishings
EL	Lab and Test Equipment
EH	HVAC & Lighting
EM	Maintenance Equipment
EX	Miscellaneous & Other Equipment
EP	Musical Instruments
EO	Office Equipment
ET	Telecommunications Equipment
IM	Improvements
VH	Vehicles
SW	Software
S5	Software-5 year life
CP	Construction in Progress

7.4.3. Condition Codes

The Banner Fixed Asset module allows a fixed asset condition code to be entered that indicates the physical condition of the asset. The following codes shall be used to indicate the condition of the asset:

GD - Good condition

Asset is in good, serviceable condition; no repairs needed.

FR - Fair condition

Asset is in service, but may require minor repairs or has slight damage or other cosmetic defects which do not affect serviceability.

PR - Poor condition

Asset is in a state of disrepair. Asset may be idle because of its condition. May require significant repairs or is a likely candidate for disposal.

7.4.4. Acquisition Codes

The following codes shall be used to indicate the method of acquisition of the asset:

PU	Purchase
LP	Lease/Purchase
CN	Construction
DN	Donation/Gift
UK	Unknown

7.4.5. Location Codes

Location codes were developed to easily locate a fixed asset.

Locations shall be designated as follows:

A six alpha/numeric code, with the first two digits signifying building and the last four digits signifying floor and/or room. (For example: 1N116E would be Reynolda Hall on the first floor in room 116E).

1A	Wait Chapel
1C	Taylor Hall/Bookstore
1D	Davis Hall/Univ. Police
1E	Benson Center
1F	Olin Physical Laboratory
1G	Salem Hall
1H	ZSR Library
1J	Tribble Hall
1K	Carswell Hall
1L	Greene Hall
1M	Calloway Center
1N	Reynolda Hall
1P	Kitchin Hall
1Q	Poteat Hall
1R	Wingate Hall
2A	Scales Fine Arts Center
2B	Winston Hall
2C	Collins Hall
2D	Moore Building
2E	WFDD Radio Station

2F	Museum of Anthropology
2G	Miller Center
2H	Manchester Athletic Center
2J	Reynolds Gym
2K	Worrell Professional Center
2L	Alumni Hall
2M	Bridger Fieldhouse
2N	Farrell Hall
2P	Dogwood Hall
2Q	Magnolia Hall
2R	North Dining Hall

8. REPORTING

8.1. Overview

8.1.1. Purpose

WFU asset management reporting is used for many purposes including resource management, financial reporting and overall effective asset management. Financial Accounting & Reporting is responsible for authorizing the majority of financial reports and ensuring the reporting data is available for campus end users.

8.1.2. Reporting Sources

Data for periodic asset reports is derived from various sources including:

- Banner Finance module – Fixed Assets, Grants Accounting, Purchasing and Procurement, Accounts Payable, General Ledger
- Sage Fixed Assets management system – Tracking and Depreciation

8.1.3. Additional Reports

In addition to the periodic reports identified below, there is frequent need for additional reports. Content and format is clarified between Financial Accounting & Reporting and the requesting organization.

8.2. Required Reports

Following are descriptions of the required reports that Financial Accounting & Reporting is responsible for preparing and distributing. Other routine reports used during the course of conducting general business may not be specified in this section as they may occur on an as-needed, often ad-hoc basis.

8.2.1. Depreciation Report

This report is prepared in accordance with the criteria in section [5. Depreciation](#).

8.2.2. Asset Acquisition Report

This report is prepared in accordance with the criteria in section [1. Acquisitions](#). This report is used by the DPA to enable tagging of their department's monthly acquisitions.

8.2.3. Loss, Damage or Destruction Report (Under consideration)

This report is prepared in accordance with the criteria in section [4. Disposals, Transfers and Impairments](#). Incidents of loss, damage, or destruction shall be investigated and documented. This report is used by the DPA to ensure adequate measures are taken to mitigate future similar occurrences.

8.2.4. Asset Disposal Report

This report is prepared in accordance with the criteria in section [4. Disposals, Transfers and Impairments](#). This report is used to verify removal of disposed assets.

8.2.5. Physical Inventory Reports

- The physical inventory process utilizes various reports. The majority of reports list interim data for purposes of facilitating the physical inventory process and subsequent reconciliation.
- Final results for each inventory event are reported to the University department to which the property is accountable. These reports are provided within 30 days of the completion of the reconciliation period.

9. TRANSITION OF DEPARTMENT PROPERTY ADMINISTRATOR

- A Department Property Administrator (DPA) will be selected from each department with approval from the Dean or Department Chair.
- A [Department Property Administrator Authorization](#) form must be completed and signed by both the DPA and the Dean or Department Chair. A copy of this form should be kept in the department files with the original sent to the Fixed Asset Accountant.
- The Fixed Asset Accountant will keep a master listing of all campus DPAs.
- The ending date on the form will be left blank until authority is transferred to a new DPA.

- A new form must be completed for the succeeding DPA. A copy of the departing DPA's updated form and the original copy of the new DPA's form will be sent to the Fixed Asset Accountant.
- In order to successfully fulfill their duties, the new DPA will be required to attend training sessions provided by FAR.

Definitions

Acquisition - Encompasses the various methods by which WFU obtains, receives and becomes accountable for property.

Acquisition Cost - The purchase price or fair market value of an asset plus any ancillary costs necessary to place the asset in its intended location and condition for use.

Ancillary Costs - Costs necessary to place a capital asset into use, such as freight and installation costs. These costs are included in the cost of the asset.

Asset Tag - A decal affixed to [moveable assets](#) which carry a control number used to identify the asset.

Attachment - An asset that is directly related to and a part of another asset. Attachments share the same asset number (or Ptag) with the original asset.

Balance Sheet - A statement of financial position at a specific point in time.

Capital Asset - Permanently owned item

Capital Lease - Leases that meet at least one of the following criteria: Lease transfers ownership of the property to lessee by end of lease term; Lease contains a bargain purchase option; Lease term is equal to 75% or more of the estimated economic life of the leased property; or The present value of the minimum lease payment at the inception of the lease is 90% or more of the fair market value of the leased property.

Capitalization - Expenditure that is treated as an asset instead of an expense.

Capitalization Threshold - Amount above which an item is capitalized and below which an item is expensed.

Cash Flow - The balance of the amounts of cash being received and paid by a business during a defined period of time, sometimes tied to a specific project.

Component - An asset that is related to but not part of another asset. Components are stand-alone assets and have their own individual asset number (or Ptag).

Construction in Progress (CIP) - Account used to hold costs of assets which are being built or modified, but which are not yet complete (per GAAP, CIP is not a depreciable asset).

Department Property Administrator (DPA) - The administrators located in any University related location who have custodial responsibility for University property authorized by the Dean or Department Chair through the [Department Property Administrator Authorization](#) form.

Depreciation - Expense in a systematic and rational manner to those periods expected to benefit from the use of the asset. Depreciation is not a matter of valuation but a means of cost allocation.

Disposal - Process of getting rid of an asset.

Employee Owned Property – Items owned by the employee that are brought into the workplace. Employees are responsible for any items they bring on campus.

Financial Statements - An overview of a business' financial condition in both short and long term. There are three basic financial statements:

- ◆ **Statement of Financial Position:** also referred to as Balance Sheet, reports on a company's assets, liabilities, and net assets as of a given point in time.
- ◆ **Statement of Activities:** also referred to as Income Statement or Profit and Loss statement, reports on a company's income, expenses and profits/losses over a period of time.
- ◆ **Statement of Cash Flows:** reports on a company's cash flow activities, particularly its operating, investing, and financing activities.

Fixed Asset - Any property or equipment not for resale, that has an *initial value* of \$5,000 or more individually or as an operating unit or renovations exceeding \$50,000 in aggregate, whether in cash or trade value, that will be used or held in excess of one year without being consumed in its use. Fixed assets are also referred to as capital assets, capital expenditures, facilities and equipment, and property, plant and equipment. At WFU, there are currently several different classes of fixed assets. They are as follows:

- ◆ **Land** – All expenditures related to the initial purchase of land (No dollar limit), including any due diligence cost such as commissions, legal fees, and escrow fees. Per GAAP, land is not a depreciable asset.
- ◆ **Land Improvements** – All expenditures related to land improvements. Land improvements would include roads, curbs, walkways, parking lots, streetlights, landscaping, wells, irrigation systems, drainage systems, fences, campus boundary signs and directional signage. Land improvements are depreciated over 10 years.
- ◆ **Buildings** – All expenditures related to the initial purchase or initial construction of a building, including costs to raze any existing structures on the land in preparation for construction (No dollar limit). The cost of buildings would include the *acquisition cost* plus any costs to prepare the building for occupancy. These costs would include contract amount, attorney and architect fees, commissions, escrow fees, governmental impact fees and permits, insurance and any other costs to prepare the building for occupancy. Interest costs may or may not be capitalized as part of the construction of the fixed assets. Also included in this class are the building portions of real property purchases with existing structures. Donated labor or services are not capitalized. Buildings are depreciated over 10, 20, 30 or 40 years.
- ◆ **Building Systems** – All expenditures related to major systems of a building. Building systems would include HVAC, boilers, chillers, elevators, and other building systems. Building systems are depreciated over 25 years.

- ◆ **Building improvements** – Renovations, additions, or repairs to physical structures in excess of \$50,000 (\$5,000 for Reynolda House) in aggregate that enhance or improve and extend the life of the original asset. General repairs and maintenance are not capitalized, such as cleaning, painting, carpet, asbestos abatement, etc. Building improvements are depreciated over 10 years.
- ◆ **Equipment and Furnishings** – The initial purchase cost of equipment and furniture that equals or exceeds \$5,000 individually or as an operating unit. The cost would include any delivery and installation costs as well. Sales tax, however, is not included. Equipment and furnishings are depreciated over 5 years.
- ◆ **Vehicles** – The initial purchase cost of a vehicle that equals or exceeds \$5,000 individually, including sales tax, title, tags, and fees. Vehicles are depreciated over 5 years.
- ◆ **Software** – All expenditures related to the initial implementation of software (excluding equipment or hardware) that cost \$5,000 or more and will be used for more than one year. These costs include initial user license fees, consultant and training costs; however, software renewal licenses, upgrades to the original software, annual maintenance fees, and database subscription licenses are not capitalized. Software is depreciated over 3 or 5 years.

Gains and Losses - On disposal of an asset, the difference between its fair market value and net book value (historical cost less accumulated depreciation).

Generally Accepted Accounting Principles (GAAP) - Accounting principles recognized in the United States of America and sanctioned by recognized authoritative bodies such as the Financial Accounting Standards Board (FSB).

Historical Cost - The amount paid, or liability incurred, by an entity to acquire an asset and make it ready to render the services for which it was acquired.

Inventory Team - Team to take physical inventory, made up of the Fixed Asset Accountant and/or designee and the DPA.

Impairment - A significant, unexpected decline in the service utility of a capital asset.

Improvement - An addition of \$50,000 (\$5,000 for Reynolda House) or more in aggregate, made to, or change made in, an asset, other than maintenance, that prolongs its life or increases its efficiency.

Initial Value - The actual full cost to place an asset in service, which can include freight costs, installation costs, attorney fees, architect fees, governmental impact fees, permits, insurance and any other costs to prepare the asset for use (Note: for all assets except vehicles, sales tax should not be included since it is refundable to the University).

Maintenance and repair - costs that do not significantly improve the economy or efficiency of a capital asset's expected useful life.

Moveable Asset - Assets that are not part of the supporting structure of a building and that meet specific criteria for capital assets.

Net Book Value - Cost of an asset less accumulated depreciation (also known as Book Value).

Operating Lease - All leases that do not meet the criteria of a Capital Lease as noted under FS13 *Accounting for Leases*.

Personal Property - Tangible property other than real estate. This does not include employee owned property.

Principal Investigator (PI) - The primary individual in charge of a research grant, cooperative agreement, training or public service project, contract, or other sponsored project. The PI has absolute responsibility for the overall conduct of a sponsored project, including all technical, financial, compliance and administrative aspects.

Ptag Number - Permanent asset number determined by the Banner Fixed Asset module at the time of entering the acquired asset into the Banner Fixed Asset module.

Renovation - Any repair expenditure that increases the capacity or operation efficiency of an asset.

Straight-line Depreciation - Depreciation method that divides the assets' capitalized value by the number of years of service life. Straight-line depreciation results in the same depreciation amount each month over the life of the asset.

Surplus Inventory - Assets in good shape but not needed any more by a department and held by Surplus to be used elsewhere or sold.

Un-deployed Equipment – Equipment that has been purchased and received but has not yet been put into service.

Unrelated Business Income Tax (UBIT) - For most organizations, an activity is an unrelated business and subject to unrelated business income tax if it meets three requirements: it is a trade or business, it is regularly carried on, and it is not substantially related to furthering the exempt purpose of the organization.

Upgrade - Improve the quality of an asset.

Use Status – To what extent the asset is used. Select from: In Use, Intermittent Use or Not in Use.

Useful Life - The period of time during which an asset is physically performing its function.

Write-down - A reduction in the estimated value of an asset.

Write-up - An increase in the estimated value of an asset.

Write-off/disposal - A reduction in the estimated value of an asset, bringing the net book value to zero.

Contact(s)

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Cross References to Related Policies

[Procurement Services](#)

[Facilities & Campus Services](#)

[Grants](#)

[Information Systems](#)

Web Address

<http://finance.wfu.edu/faculty-staff/asset-management>

Appendix

Forms

[Bill of Sale](#)

[Department Property Administrator Authorization](#)

[Equipment Loan Authorization](#)

[Equipment Location Record](#)

[Fixed Asset Addition Checklist](#)

[Fixed Asset Update Form](#)

[Fixed Asset Replacement Form](#)

[Non-taggable Asset Form](#)

[Off-Campus Equipment Verification Worksheet](#)

[Technology Equipment Disposal Form](#)

Schedules

[Inventory Schedule](#)

FAQ's (Frequently Asked Questions)

- ❖ [Why does the University maintain fixed asset records?](#)
- ❖ [Why do we inventory assets?](#)
- ❖ [What assets will be inventoried?](#)
- ❖ [What is an asset tag?](#)
- ❖ [Do assets purchased with grant funds need to be tagged?](#)
- ❖ [What guidance is available for management of fixed assets purchased with grant funds?](#)
- ❖ [What should I do if it is necessary to take a tagged asset to an off campus location?](#)
- ❖ [How should we handle assets that our department no longer needs or uses?](#)
- ❖ [Can I discard an asset that is now worthless and basically junk?](#)
- ❖ [Can we give an asset to another department on campus?](#)
- ❖ [What should we do when an asset is stolen?](#)
- ❖ [Can we trade-in an asset on a new item?](#)
- ❖ [When will my department's assets be inventoried?](#)
- ❖ [How should we prepare for physical inventory?](#)
- ❖ [Who is responsible for locating items?](#)
- ❖ [What happens if we cannot find an asset?](#)
- ❖ [What is my role as a Department Property Administrator \(DPA\)?](#)

Why does the University maintain fixed asset records?

The purpose of the Fixed Assets system is to help University employees fulfill their responsibility to administer, account for, and preserve the institution's investment in property, plant, and equipment by:

- ◆ Providing accurate detail records to support the values recorded in the General Ledger as well as calculating and recording asset depreciation.
- ◆ Providing the ability to track custodial responsibility for assets, to track acquisitions and to perform periodic physical inventories.
- ◆ Providing information for determining the extent of losses due to fire, theft, or some other destruction.

Why do we inventory assets?

A physical inventory is the best way to ensure that the information in the financial records is as accurate as possible. The resulting inventory listings are designed to assist departments in carrying out their responsibilities regarding the accountability for University equipment including:

- ◆ Reporting of changes in asset status
- ◆ Relocation of equipment
- ◆ Tracking assets

What assets will be inventoried?

Any moveable asset valued over \$5,000 individually or as an operating unit and has a useful life of more than one year.

What is an asset tag?

An asset tag is a barcode decal that identifies Wake Forest University owned fixed assets.

Do assets purchased with grant funds need to be tagged?

Yes, if the item has a value over \$5,000 individually or as an operating unit and a useful life of more than one year. Even though the asset was purchased with grant funds, the University is responsible for the item.

What guidance is available for management of fixed assets purchased with grant funds?

Office of Management and Budget (OMB) Circular A-110: *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education* at http://www.whitehouse.gov/omb/circulars_a110/.

What should I do if it is necessary to take a tagged asset to an off campus location?

An [Equipment Loan Authorization](#) must be filled out with approval from the Dean or Department Chair. The DPA will keep this form on file and record the borrowed asset on the [Equipment Location Record](#). Both forms will be updated when the item is returned.

How should we handle assets that our department no longer needs or uses?

When a department determines that an asset is no longer useful, the DPA should fill out a [Fixed Asset Update Form](#) and contact Surplus to handle the removal of the asset. Surplus will determine if the item will be scrapped or placed into surplus, note their decision on the form and send the form to the Fixed Asset Accountant, who will make the needed adjustments in the Fixed Asset module. (Departments should be aware that a fee may be charged for this service).

Can I discard an asset that is now worthless and basically junk?

No, Surplus must make the decision as to how the asset will be disposed of, as parts may be able to be salvaged for surplus or for use in other pieces of equipment.

Can we give an asset to another department on campus?

Yes, but this should be handled through Surplus, as they are informed of who needs certain equipment. A [Fixed Asset Update Form](#) must be filled out for the transfer and Surplus will handle the movement of the item. Surplus will forward the form to the Fixed Asset Accountant, who will make the needed adjustments to the Fixed Asset records.

What should we do when an asset is stolen?

If any University property is missing and presumed stolen, the employee discovering the suspected theft must report the theft to the DPA immediately. The DPA should then notify the Dean or Department Chair who, will in turn, notify Campus Police. The DPA should attach a copy of the police report to the Fixed Asset Update form noting the WFU Property asset tag number and serial number, and send them to the Fixed Asset Accountant. The Fixed Asset Accountant will notify the Insurance Administrator if asset value is over \$25,000. If the item is still missing after 90 days, it will be disposed of and removed from the Fixed Asset module.

Can we trade-in an asset on a new item?

Yes. A replacement asset may be acquired when an existing asset is traded in to the vendor as partial payment on the new asset. The DPA must submit a [Fixed Asset Update Form](#) for the traded in asset to the Fixed Asset Accountant, as well as copies of all information concerning the purchase of the new asset.

When will my department's assets be inventoried?

A portion of the University's assets to be inventoried will be counted each year so that a complete physical inventory will be taken, at a minimum, every two years. An annual schedule of inventory will be posted on the [Asset Management webpage](#). Each DPA should check the inventory schedule periodically so that they will be prepared for the inventory of their department.

How should we prepare for physical inventory?

Preparation for inventory should be an ongoing routine. Identifying assets, ensuring assets are located in their proper place (or have documentation explaining why they are not), and keeping the Fixed Asset Accountant up to date on the movement of the department's assets year round will help the inventory process run smoothly. For more detailed preparation steps, see [6.1.10. Preparation for Inventory](#).

Who is responsible for locating assets?

The DPA is ultimately responsible for locating all assets in his/her department.

What happens if we cannot find an asset?

The DPA will make every attempt to locate missing equipment. If an asset is not located within 45 days, it will be retired from the Banner Fixed Asset and Sage Fixed Assets inventory tracking module.

What is my role as a Department Property Administrator?

As a DPA, you will be responsible for ensuring your department adheres to the preceding policies and procedures. You will be expected to partner with the Fixed

Asset Accountant to ensure a successful inventory by informing him/her any movement of capital assets throughout the year and assisting in the physical inventory process and count.

DPA Training

DPA training is required for each new DPA when assigned. A spring training session is held every 2 years for all DPAs. Attendance at all training sessions is mandatory.

Authorization & Approval Levels ([select Tools tab to locate the document](#))

Wake Forest University
Authorization Approval Levels
7/18/2005

<u>Organization Level</u>	<u>Budgeted</u>	<u>Not Budgeted</u>
Board of Trustees	Unlimited	Unlimited
Chair/Vice Chair of the Board	Unlimited	\$5,000,000
President	Unlimited	\$1,000,000
Vice President for Finance & Administration	Unlimited	\$1,000,000
Vice Presidents, Director of Athletics, General Counsel and Provost	\$1,500,000	N/A
Dean of the College, Babcock Dean, Law School Dean Divinity School Dean, Calloway Dean, Dean of the Graduate School, Director of Facilities and the Controller	\$1,000,000	N/A
Associate Deans, Assistant Deans, Assistant Vice Presidents, Associate Controller, Associate Provost, Dean of Summer School and Dean of Student Life	\$500,000	N/A
Department Chair/Head and Directors	\$100,000	N/A
Business Managers (Athletics, Babcock, Law, Information Systems)	\$25,000	N/A
Administrative Assistants	\$1,000	N/A

Notes:

1. Multi-titled employees are given authorization at highest level
2. Approval limits are maximum values
3. Contracts over \$100,000 must be approved by the University legal department

Accepted and Approved:



Dr. Nathan O. Hatch