

6007. ADMINISTRATIVE REGULATIONS ON PHYSICAL INVENTORY
AND DEPRECIATION OF CAPITAL ASSETS

6007.1 The Vice President, Administrative Services or designee, will administer these Administrative Regulations.

6007.2 Definitions

- A. Capital Outlay expenditures are defined as amounts paid for the acquisition of fixed assets or additions to fixed assets, land or existing buildings, improvements of grounds, building construction, remodeling, or additions and equipment.
- B. Capitalized equipment is defined as tangible property with a purchase price of at least \$5,000 and a useful life of more than one year, other than land or buildings and improvements thereon.
- C. Inventoried equipment is defined as all items of equipment that cost or have a market value at the time of acquisition of \$5,000 or more.
- D. Perpetual inventory system is defined as the documentation of acquisition, cost, location, depreciation, and disposition of all inventoried equipment.
- E. Physical inventory is defined as the actual inspection and identification of equipment at the location where it is physically located.

6007.3 It is the responsibility of the Warehouse to receive, physically identify, and affix a numbered inventory tag on all new equipment purchased or donated with a value of \$5,000 or more. The Warehouse will also notify Fiscal Services of the equipment quantity for all equipment with a value of \$5,000 or more, the inventory tag number(s), the location where the equipment will be physically located, and any other information needed for the perpetual inventory.

6007.4 It is the responsibility of Fiscal Services to maintain the perpetual inventory records. It is the responsibility of the area purchasing and housing the inventoried equipment to inform Fiscal Services, in writing, of the transfer or other disposition of the equipment from its original location. It is the responsibility of Fiscal Services to adjust the inventory records accordingly.

6007.5 Individual areas are not permitted to dispose of any equipment, regardless of value, without following the procedure outlined in the Purchasing Handbook of Administrative Regulations. The Contracts Management department handles the required Board approval for disposal of equipment.

6007.6 It is the responsibility of Fiscal Services to conduct a physical inventory at least every five (5) years and to maintain and update the perpetual inventory of capital assets records annually.

6007.7 The college uses the “straight-line” method of depreciation (1/2 year convention), with the following types of capital assets and expected useful lives:

Conventional Buildings - 50 years

Portable Buildings - 25 years

Improvement to Buildings/Land - 20 years

Office/Instructional Equipment - 5 years

Computer Equipment - 3 years

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