



CAPITAL FIXED ASSET POLICY

INTRODUCTION

New Jersey City University's ("NJCU") Fixed Assets Office is charged with the responsibility of inventorying, safeguarding, maintaining, and controlling fixed assets.

The Fixed Assets Office is committed to meeting the needs of NJCU and its departments and to ensure that state laws and NJCU regulations are followed.

NJCU is authorized to carry out the purchasing function through the general policies, guidelines and procedures of Chapter 64 of Title 18A of the New Jersey Statutes (The State College Contract Law). The office is also responsible for ensuring that the purchase, utilization and disposal of capital items purchased with grant funds follow the guidelines listed in 2 CFR 200 for Federal Grants and appropriate Circulars of the New Jersey Office of Management & Budget for State Grants. The treatment of similar acquisitions under other forms of external funding should conform to the policies and procedures of their respective funding agencies and programs.

The Purchasing Department is the central purchasing authority for NJCU and is responsible for managing the procurement process on a University-wide level including orders, contracts and legal agreements associated with the acquisition of goods and services that support NJCU's initiatives.

PURPOSE

To establish NJCU's policies and procedures regarding the guidelines for fixed assets and capitalization of purchases.

This document is intended to be the official method to assist all NJCU employees in understanding NJCU's fixed asset process. It has also been developed in accordance with New Jersey State statutes and NJCU policies. As a public institution, we are required to follow these regulations in the conduct of our day-to-day business.

SCOPE

This policy applies to all faculty and staff and uniformly to all funds administered by NJCU such as departmental budgets, capital funds and restricted accounts including federal, state, and local grants, contracts and specially funded programs.

POLICY

The Purchasing Department is responsible for making the final determination of source and supply of goods and services. These decisions will be made in conjunction with the department's user, as appropriate. The Purchasing Department serves as the exclusive channel through which all bids and quotations are handled. NJCU departments may correspond with suppliers in cases where informal prices are needed or where technical details are necessary. In such cases, proper communication and coordination with the Purchasing Department is required prior to committing to such purchases.

General Ledger Accounts

The following general ledger account numbers are to be used for purchasing all fixed assets:

- 19101 Infrastructure
 - 19102 Furniture
 - 19103 Land
 - 19104 Land Improvements
 - 19105 Vehicles
 - 19106 Buildings and Building Improvements
 - 19107 Equipment
 - 19108 Enterprise Software (eg. PeopleSoft software and initial license)*
- *Used by ITS and CIS only
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Receiving of Goods

There is no central Receiving Department for goods. Therefore, the department ordering the goods will be the responsible party to receive the items ordered and ensure that the goods received are correct. Generally, all orders are received with a packing slip. This packing slip will be compared against the items received. Proper receipt of goods will be acknowledged by signing and dating the packing slip.

Fixed Assets

A fixed asset is generally any asset purchased for use in the day-to-day operation of NJCU from which an economic benefit will be derived over a period greater than one year and a value

of \$5,000 or more. At the time a fixed asset is acquired, its cost (purchase price as well as costs to acquire, install, secure, and prepare the item for use) is capitalized and amortized using the straight-line method over the useful life of the asset class. An asset's useful life is the period of time over which services are expected to be rendered by the asset. Below is the estimated useful life as follows for each asset class:

Asset Type	Useful Life
Building	25 - 50
Building improvements	10
Land Improvements	20
Infrastructure	20
Equipment	5 - 15
Computers < \$5K	5
Vehicles	10

Note: For value of assets for grant funded purchases, please refer to the 2 CFR 200 for Federal Grants and Circular 19-11 for State Grants.

Buildings

Buildings include all buildings owned by NJCU, either purchased or donated, and any building improvements costing \$5,000 or more. This includes buildings used, rented, or held for investment as well as leasehold property. If there is uncertainty as to whether the project should be capitalized, the Fixed Assets Office should be contacted for assistance.

Building Improvements

These expenditures include the cost of renovations, betterments, or improvements of existing property. To capitalize costs, the improvements must fulfill at least one of the following criteria.

- a. The useful life of the property is extended.
- b. The asset is improved or restored to its original condition.
- c. The quality of the units/services produced from the asset is enhanced.
- d. Adapt the property to a new or different use.
- e. In all instances above, the cost must exceed \$5,000.

Note: Normal maintenance including painting and fixing leaking facets should be expensed to GL account 51203 – Buildings and Grounds Maintenance.

Land

Land includes all land owned by NJCU, either purchased or donated, and used, rented, or held for investment.

Land Improvements

Land improvements are modifications to outside areas. This includes installing sidewalks, parking lots, fences, and yard lighting. Land improvements costing \$5,000 or more are capitalized, otherwise, they are expensed in the period in which the improvement occurred.

Infrastructure

Infrastructure includes all items of campus systems improvements owned by NJCU costing more than \$5,000. Infrastructure items include roadways, sidewalks, passages, and utilities including steam tunnels, sewer systems, energy management systems, and electrical and telecommunication distribution systems. If there is uncertainty as to whether the project should be capitalized, the Fixed Assets Office should be contacted for assistance.

Equipment

Equipment is defined as any movable property, machinery, vehicles, computers, and furniture costing at least \$5,000 per unit that is not a replacement part. Component items that form one working equipment system are combined for capitalization purposes. The “system” definition applies to computer configurations, AV equipment, and scientific or manufacturing equipment. Additions to equipment that become either component parts or permanently connected to existing equipment items are also defined as equipment and should be capitalized, regardless of cost. Each item of equipment acquired will be assigned a serially numbered NJCU tag affixed to the equipment and marked “NJCU”.

Note: Expense to Account 50201 – Equipment less than \$5,000

Vehicles

Vehicles are defined as all means of transportation that require a license plate to be driven outside of NJCU grounds. Vehicles include cars, buses, and trucks. If the vehicle does not require a license plate and can be driven, NJCU will refer to this as Equipment.

Computers (Laptops, computers and printers)

Computer equipment purchased separately such as printers, which cost less than \$5,000, will be listed in the Fixed Asset System for tracking purposes. Although these items will not be capitalized and depreciated, NJCU will be tagging these items with special tags and adding them to the list of assets that NJCU owns due to the environmental disposal laws as discussed in the “Disposal of a Fixed Asset.” These items will be included in the Fixed Asset System and subsequent inventory counts will be performed on these items.

Note: Expense to Account 50200 – Computer Equipment less than \$5,000

Computer Licensing and Software Maintenance Contracts

A software license is a document that states the rights of the developer and user of a piece of software. It defines how the software can be used and how it will be paid for.

Licenses typically are expressed as an end-user license agreement or an enterprise license agreement. The license is a contract between the user or user organization and the developer. It defines the terms of the license. A user must agree to the terms of the license when acquiring the software.

Software also comes with a license key or product key. The key is used to identify and verify the specific version of the software. It is also used to activate the software on a specific computer or device.

There are generally three stages in determining if the software licensing should be capitalized.

1. Preliminary Stage
2. Application development
3. Post-implementation operation

Only the items that occur during the application development stage qualify as a capital expenditure.

Internal and external costs of the project during the application development stage qualifies as capital. Typical costs include direct materials or services contributing to the project, travel, payroll and payroll-related costs for employees directly associated with the project, testing costs, and installation costs.

Upgrades and/or enhancements to internal use computer software will only be capitalized if the expenditures results in additional functionality.

A new GASB requirement for Software Maintenance contracts (GASB 96) was issued in FY 23. Due to this new requirement, all software maintenance contracts must be reviewed and approved by the IT department. Contact the Fixed Asset Office for further information.

Note: Annual maintenance contracts are not considered a capital asset. These should be expensed to GL Account 51199 - Software Maintenance.

Bulk Purchases

Items that are routinely purchased as a set and have a value of \$5,000 or more will be capitalized and depreciated. For example, if a table and four chairs were purchased from the “same vendor” as a set, and the cost of the table was \$4,000 and the cost of each chair was \$250 for a complete total of \$5,000, then the purchase would be considered a capital expenditure. However, if the total cost was less than \$5,000, then the purchase is expensed using GL Account 50202.

Fixed assets with a value of less than \$5,000 per unit are expensed immediately using the following general ledger account codes:

- 50200 - Computer less than \$5,000
- 50201 - Equipment less than \$5,000

50202 - Furniture less than \$5,000

50203 - Software less than \$5,000

Artwork and Historical Treasures

NJCU does not capitalize works of art or historical treasures. These will be expensed upon purchase.

Non-Capital Assets

Noncapital Assets are items that do not meet the capitalization criteria of a Fixed Asset. These items are expensed in the year of purchase.

Grant Purchased Assets

Capital assets purchased under a federal or state grant must follow guidelines listed in either 2 CFR 200.311, 200.312 or 200.313 for Federal Grants or New Jersey Circular 15-08 for State Grants. You must contact the Fixed Asset Office to obtain guidance on purchasing or disposing of those assets.

Receipt of Goods

Upon receipt of goods purchased, a representative from the Fixed Assets Office will visit the department with a complete Asset Inventory Form (Appendix A) and tag the item(s) purchased. This tag is tracked in the Fixed Asset System, whereby, depreciation is calculated for capitalized assets. A copy of the packing slip will be given to the Accounts Payable Department for use in processing an invoice for payment in accordance with the Procurement Service Policies and Procedures.

Inventory Count

Periodically, an inventory of all assets will be conducted for each Department. This inventory count will reconcile the items being carried in the Fixed Asset System with the items located in the Department. During the inventory count, all items will be counted and marked physically on a list of the assets for that Department. If any items can not be located, the Fixed Asset Accountant will seek the help of staff members in the Department in an effort to locate the item(s).

Transfer & Disposal of Assets

1. Department Location Change

- a. Prior to a department moving from one location to another, the Fixed Asset Office will conduct a department inventory. Once completed, the Fixed Asset Office will update the Fixed Asset System with the new location. An updated Capital list will be provided along with an authorized transfer form.

2. Transfers and Disposal of Individual Asset

a. Transfers:

- i. Prior to notifying Housekeeping, an Equipment Transfer/ Disposal form (**Appendix A**) must be completed and attached to Work order request for approval. Upon approval, the Fixed Asset Office will make the appropriate changes in the Fixed Asset System.
- ii. If an employee transfers from one job to another and the technological equipment moves with the employee, then an Equipment Transfer/Disposal form (**Appendix A**) must be completed and forwarded to the Fixed Asset Office. Upon receipt of the form, the asset will be updated in the Fixed Asset System.

b. Disposals:

- i. If a department determines an asset(s) meet the criteria of no longer being of use or can no longer be repurposed, then an Equipment Transfer/Disposal form (**Appendix A**) must be completed and attached to work order request for approval. The approved request is forwarded to the Fixed Asset Office. Upon receipt, the Fixed Asset Office will make the appropriate changes to the Fixed Asset System.
- ii. Disposal of assets acquired under Federal, State or other external funding sources must conform to guidelines listed in 2 CFR 200.311, 200.312 and 200.313 for Federal Grants and N.J. OMB Circular 22-08 for State Grants, or the policies and procedures of their respective funding agencies and programs, as appropriate.

Note: Disposal of computers are to be disposed of properly in accordance with state and federal laws for environmental responsible disposition with the Computer Disposal Policy and Procedures and between the Information Technology Department and the Fixed Assets Office. If it is determined that computer equipment cannot be reused or recycled, then it should be disposed of in accordance with NJCU computer disposal procedures.



INVENTORY TRANSFER/DISPOSAL FORM

PLEASE PRINT ALL INFORMATION

Asset Description _____

Tag Color: Green Blue Red Brown JCSC Silver JCSC Green

Tag # _____ Serial # _____ Work Order # _____

Requester Name: _____ Ext: # _____

Department Name: _____

Reason for Transfer / Disposal: _____

CHECK ONE: TRANSFER: DISPOSAL
FROM: TO:

BLDG _____ BLDG _____

ROOM _____ ROOM _____

DEPT _____ DEPT _____

DISPOSED

FORM MUST BE AUTHORIZED BY FACILITIES AND CONSTRUCTION MANAGEMENT (FCM)

Requester's Authorization _____ Date _____
(Please Print) (Last Name) (First Name) (Initial)

Supervisor Authorization _____ Date _____
(Please Print) (Last Name) (First Name) (Initial)

FCM Management Authorization _____ Date _____
(Please Print) (Last Name) (First Name) (Initial)

IT Authorization (For Electronics) _____ Date _____
(Please Print) (Last Name) (First Name) (Initial)

Please return this form to the Fixed Asset Office located in Hepburn Hall Rm 102

CONTROLLER'S OFFICE USE ONLY

AUTHORIZED BY _____ DATE _____

IS THIS PROJECT GRANT FUNDED? YES NO

DISPOSED/TRANSFERRED BY _____ DATE _____
(HOUSEKEEPING STAFF) - (PLEASE RETURN TO CONTROLLER'S OFFICE)