

Specialized Accounting Services

Fixed Asset Training

October 18, 2011



Objectives

- ❖ Overview of PSU's fixed asset policy
- ❖ Explain changes and updates
- ❖ Provide helpful tools
- ❖ Answer your questions



PSU Responsibilities

- ❖ Recording capital asset transactions in Banner Fixed Assets and Banner FIS
- ❖ Reconciling Banner Fixed Assets to Banner FIS
- ❖ Maintaining supporting documentation for all transactions in Banner Fixed Assets and Banner FIS
- ❖ Providing property control over capital assets
- ❖ Providing certifications

Proprietary vs. Non-Proprietary

Proprietary Funds

- ❖ Auxiliary enterprise (fund types 20-29) and service departments (fund type 13)
- ❖ Expenditures for real property are charged to unexpended plant funds (fund type 81), or renewal and replacement funds (fund type 83) and then capitalized and depreciated in the proprietary funds

Non-Proprietary Funds

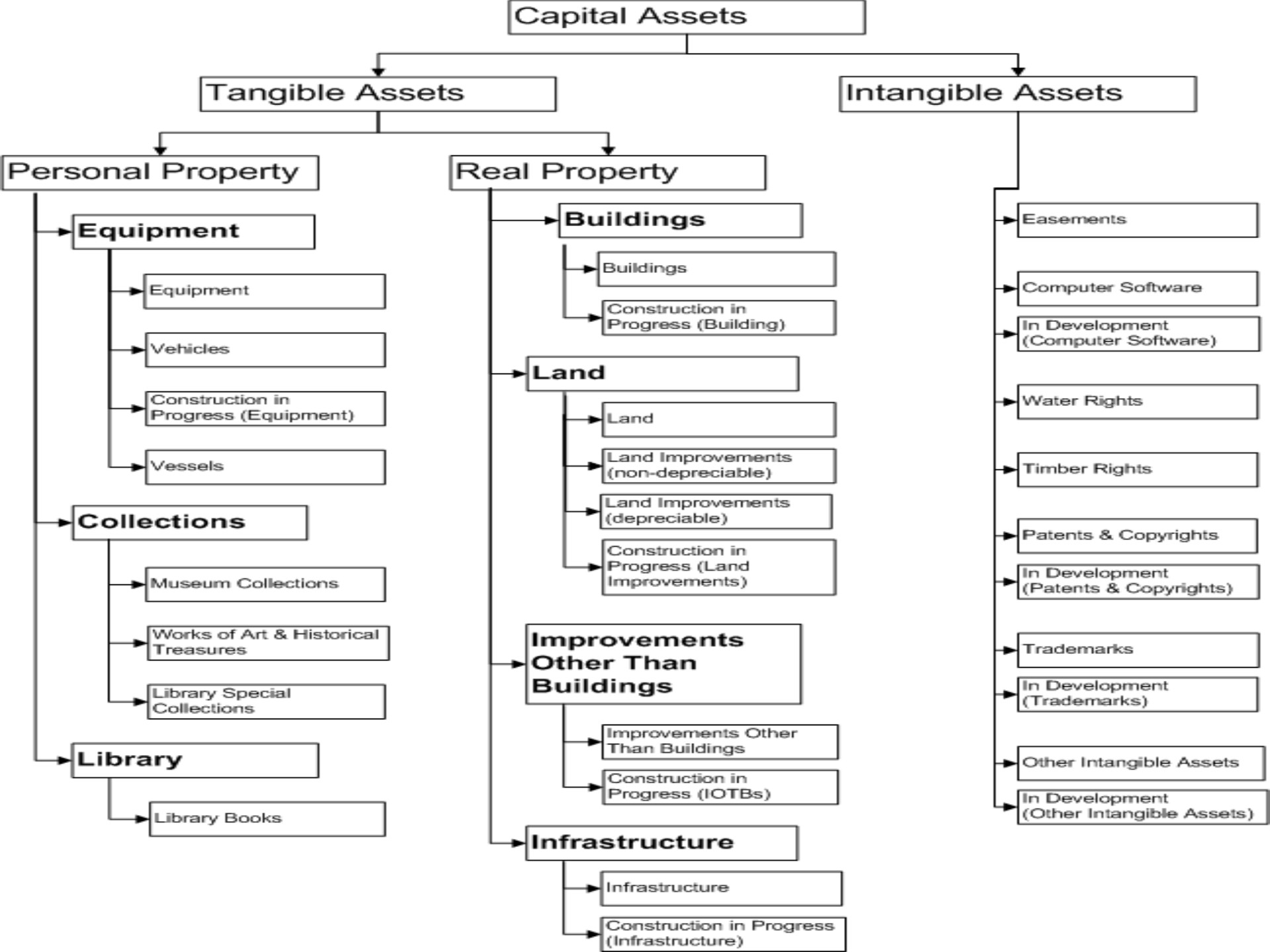
- ❖ University operations that are not included in proprietary funds
- ❖ Expenditures for real property are charged to the unexpended plant funds (fund type 81) or budgeted operating funds (fund type 11), 004000 Repair and Remodeling funds and then capitalized and depreciated in the investment-in-plant fund.

Capitalization Policy

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

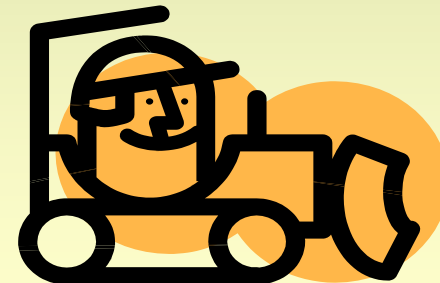
- ❖ Owned or considered owned by the University
- ❖ Held for operations (not resale)
- ❖ Has a useful life that exceeds one year
- ❖ Meets the capitalization threshold
 - ❖ Unit cost \geq \$5,000

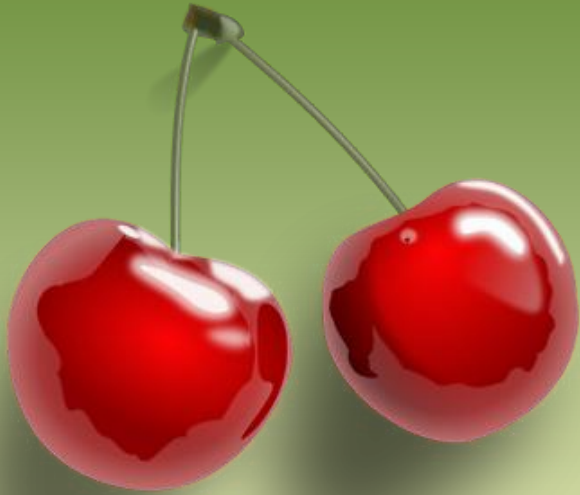
TYPE OF CAPITAL ASSET	CAPITALIZATION THRESHOLD	Acct for PROPRIETARY Funds	Acct for NON-PROPRIETARY Funds
Equipment, Vehicles, Vessels	Unit cost \geq \$5,000	A8011 - Equipment A8012 - Vehicles A8015 - Vessels	40101 - Equipment 40104 - Vehicles 40201 - Vessels
Museum Collections	Total cost of museum collection \geq \$5,000	A8031	40103
Works of Art and Historical Treasures	Unit or total cost of artwork \geq \$5,000	A8032	40103
Library Purchases (books, not subscriptions)	Always capitalized	N/A	40190
Library Special Collections	Total cost of collection \geq \$5,000	N/A	40190
Computer Software	Unit cost \geq \$100,000	A8221	40812



Construction in Progress (CIP)

- ❖ Expenditures of incomplete construction projects must be capitalized but not depreciated until the project is complete
- ❖ Record in Account 40199 – Construction in Progress
- ❖ Determination of when to remove projects from CIP and begin depreciation





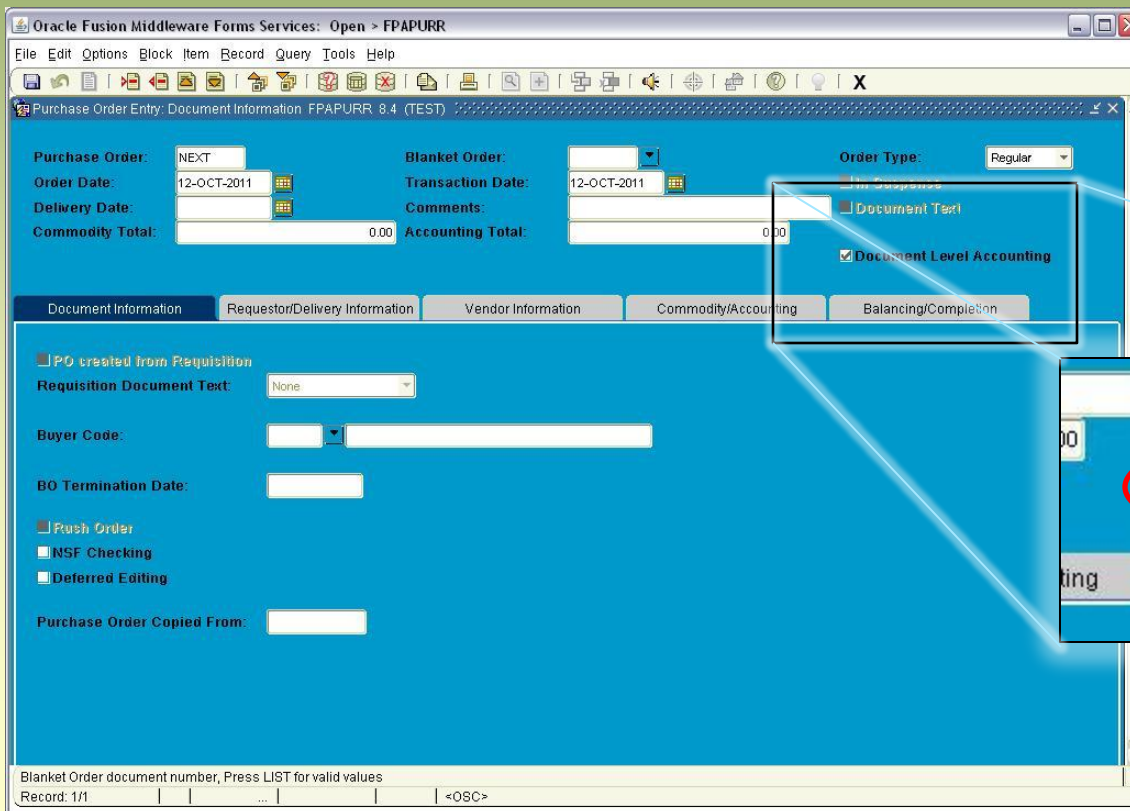
Inputting Fixed Asset Invoices

Commodity Level Accounting

- ❖ One method of accounting used in FIS that allows one or more FOAPAL strings to be assigned to each specific commodity.
- ❖ Should **ALWAYS** be used for POs and invoices involving fixed assets.

Commodity Level Accounting

- ❖ Designated during creation of PO or direct pay invoice.



Oracle Fusion Middleware Forms Services: Open > FPAPURR

Purchase Order Entry: Document Information: FPAPURR 8.4 (TEST)

Purchase Order: NEXT Blanket Order: Order Type: Regular

Order Date: 12-OCT-2011 Transaction Date: 12-OCT-2011

Delivery Date: Comments: Document Text

Commodity Total: 0.00 Accounting Total: 0.00 Document Level Accounting

Document Information Requestor/Delivery Information Vendor Information Commodity/Accounting Balancing/Completion

PO created from Requisition

Requisition Document Text: None

Buyer Code: BO Termination Date: Push Order

NSF Checking Deferred Editing

Purchase Order Copied From: Document Text

ing Balancing/Completion

Blanket Order document number, Press LIST for valid values

Record: 1/1 ... <OSC>

Uncheck this box!

Invoice FOATEXT

Please include:

- ❖ Date received
- ❖ Location
- ❖ Serial number
- ❖ Manufacturer, make, model
- ❖ Custodian and ID#
- ❖ Equipment Manager and ID#

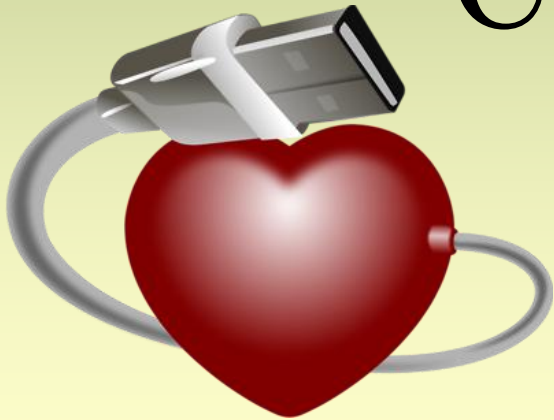


Invoice FOATEXT

Some new requests:

- ❖ If you know of a better description than what is in the invoice, please include it.
- ❖ If the asset will be used primarily for instruction or research, please specify.

Attachments vs. Components



Attachments

Tangible, personal property that have an **integral** relationship with a parent asset (they become one).



Attachments

Must:

- ❖ have same Organization, Location, Grant and Custodian as parent asset
- ❖ have same Condition and Title-To as parent asset
- ❖ have same User Status as parent asset
- ❖ have same functional use as parent asset
- ❖ be depreciated and disposed with parent asset

Components

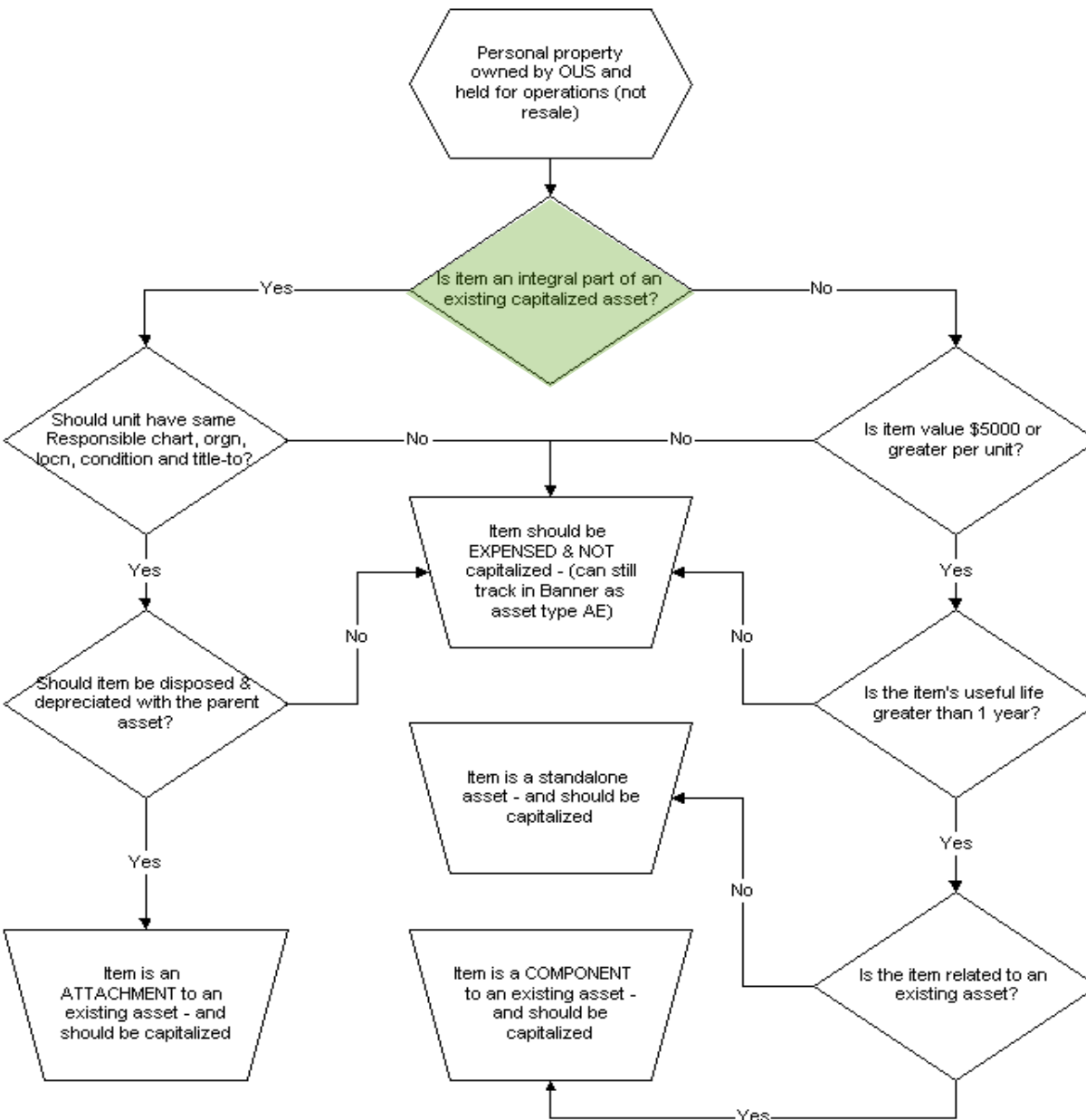
Tangible, personal property that are related to, but **not an integral part** of, an existing asset.



Components

- ❖ Must meet all requirements of a standalone capitalized asset
- ❖ Are not consumed in the normal course of business
- ❖ Have a unit value that meets or exceeds the capitalization threshold
- ❖ Have a useful life that exceeds one year
- ❖ Are depreciated and disposed of separately from the parent asset

Personal Property Component Vs Attachment



Is it integral?

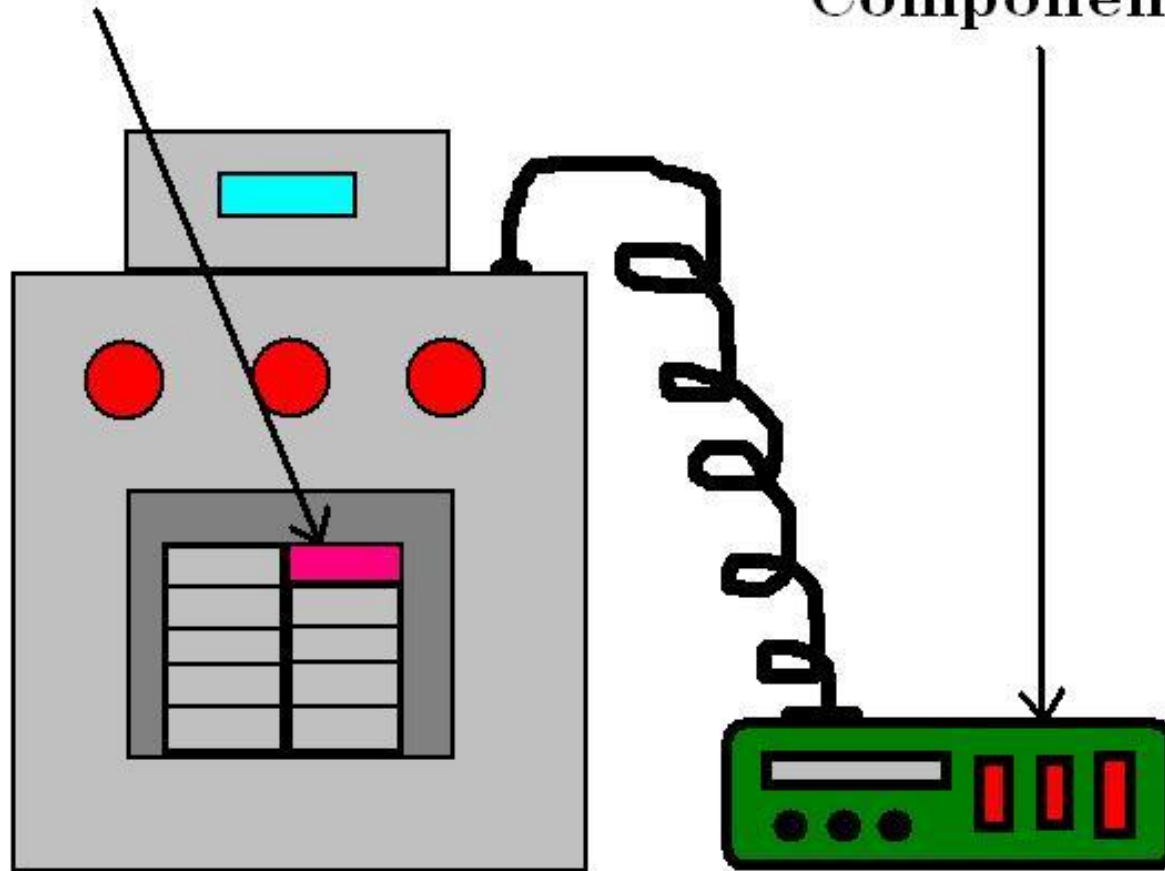
Can you separate it and use it alone or with another asset?

Are you at all likely to do so?

If you answered "no" to either question, it **is** probably integral.

Attachment

Component



Transfer Forms



Print Form

OFFICE OF BUSINESS AFFAIRS
PROPERTY CONTROL
FIXED ASSET TRANSFER FORM

ASSET TAG #	DESCRIPTION	TRANSFER FROM		TRANSFER TO	
		ORG #	LOCATION	ORG #	LOCATION
1.					
2.					
3.					
4.					
5.					

REASON FOR TRANSFER:

1.	
2.	
3.	
4.	
5.	

REQUESTOR INFORMATION:

NAME _____

PHONE NUMBER _____

TRANSFER DATE _____

RECEIVER INFORMATION:

NAME _____

PHONE NUMBER _____

DATE RECEIVED _____

PROPERTY CONTROL:

SIGNATURE _____

DATE RECEIVED _____

PLEASE RETURN COMPLETED FORM PROPERTY CONTROL, MAIL CODE: BO-SAS

Transfer Forms

Should be used when:

- ❖ Moving a fixed asset from one org to another
- ❖ Moving a fixed asset from one location to another
- ❖ Sending a fixed asset to surplus

Transfer forms do not need to be completed for minor equipment!

Fixed Asset Disposal Process





1!

Submit a work order to FAP to
have the item(s) picked up.

2!



After FAP has picked up the item(s), complete a transfer form, showing a transfer to surplus, and submit to BAO-SAS.

Surplus Org

Surplus Locn

651515

US0001

That's it!

Don't fill out a PDR. FAP does that.



One more thing...

Before you dispose of anything that was purchased on a COP fund, please contact us.



Other Forms



Theft or Accident

In case of theft or accident involving state property:

FIRST CONTACT: Campus Safety Office @ 503-725-4407

❖ Complete incident report

SUBMIT, ASAP, to the PSU Business Office-Risk Management, attn: Don Johansen (ext. #5-5340) and to BAO the following:

❖ Copy of Incident Report from Campus Safety Office

❖ Memorandum Listing:

❖ Description of each individual lost item with inventory number and cost;

❖ Cost of replacement item; if not available at this time send in the above information so the claim can be opened

❖ Index code to receive the reimbursement from Risk Management

❖ Copy of the Purchase order and Vendor's invoice, if replacement item(s) have already been purchased.

Equipment on Loan

- ❖ **Equipment Loan Agreement (up to 2 years)**
 - ❖ PSU-owned equipment used off-campus
 - ❖ Releases borrower from personal liability in case of loss or theft
 - ❖ Does NOT cover negligence!

- ❖ **Equipment is for educational or research purposes ONLY!**
 - ❖ Not for personal gain

- ❖ **Equipment must be returned to PSU at the end of the loan term.**

Gifts/Donations in Kind

- ❖ All gifts/donations must be recorded at fair market value (using one of these methods):
 - ❖ Written appraisal (**required if \geq \$5,000**)
 - ❖ Qualified faculty or staff expert
 - ❖ Documentation obtained from a qualified outside source such as "blue book" or a knowledgeable dealer
 - ❖ Identifying what it would cost the university if it were to purchase the gift outright from a vendor or an original bill of sale for new equipment
- ❖ Letter of acknowledgement to donor **required if \geq \$250**



Minor Equipment

Minor Equipment

Expenditures for tangible personal property that meets the following criteria:

- ❖ It has a unit value of less than \$5,000.
- ❖ It is not consumed in the normal course of business.
- ❖ Its useful life exceeds two years.

High-Risk Minor Equipment

Includes:

General Minor Equip Acct 20200

- Balances & scales
- Cameras
- Microscopes
- Musical instruments
- Projectors
- Stereo systems
- Televisions

Computers Acct 20201

- Desktop computers
- Laptop computers
- iPads

Printers Acct 20203

- Printers

High-Risk Minor Equipment

Tracking is the responsibility of the individual department.

BAO is happy to help you set up a reliable system.

Biennial Fixed Asset Inventory

- ❖ Scan & Validate implementation
- ❖ Identification of equipment
- ❖ What it means for departments!!



QUESTIONS?



Contact Information

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Jason Abbott, Assistant Manager
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References

Forms and Policies

Transfer Form

Disposal Guidelines

Loan Agreement

Minor Equipment Guidelines

Report of Gift

Gift Acceptance Policy

Loss/Theft Report

Theft/Accident Policy
