

CHABOT COLLEGE

CAPITALIZED ASSETS

The California Community College Budget and Accounting Manual, in accordance with the Governmental Accounting Standards Board Statement 34/35, requires colleges/districts to maintain an historical inventory of its fixed assets with unit cost of \$1,000 or more. These assets are referred to as *Capitalized Assets*.

In general equipment purchases are considered Capitalized Assets if they meet the following criteria:

1. The item(s) being purchased meets the definition of equipment.
2. The total cost (including sales tax, shipping, etc) of the parts of an integrated system is greater than or equal to \$1,000.
3. The cost of a stand alone item is greater than or equal to \$1,000.

Example 1 Computer

A desk top computer (PC) is considered an integrated system. The cost of the monitor, keyboard, mouse, etc are under the \$1,000 threshold but have no use as stand alone items. Together with a "box" they form a unit which usually has a value of greater than \$1,000 and therefore would be considered a Capitalized Asset.

Example 2 Office Furniture

In this example the following items are being ordered to furnish an office:

| | |
|--------------|---------|
| Desk | \$800 |
| Table | \$200 |
| File cabinet | \$300 |
| Task Chair | \$300 |
| Guest Chair | \$200 |
| Total | \$1,800 |

While each item is considered equipment, each is a stand alone unit with a cost of less than \$1,000 and would not be a Capitalized Asset.

Changing this example where the desk becomes a work station including a desk, attached credenza and hutch with a total cost of \$1,300 it now becomes a Capitalized Asset.

Process

In order to capture the information necessary to maintain the Capitalized Asset inventory the District has decided to use the Banner Fixed Asset System. The major changes in the requisitioning process are as follows:

1. Requests for equipment meeting the Capitalized Asset criteria must be placed on a separate requisition from non-Capitalized Assets or non-equipment items and one of the appropriate equipment accounts be used. Refer to "Equipment Account Codes."
2. Requests for more than one Capitalized Asset may be placed on the same requisition only if the funding source(s) is the same for all items being requested and equipment account is the same. If different accounts are used for different items then separate requisitions must be used.

Examples of single requisition:

Example 1: Two Capitalized Asset items both being charged to 312145-25101-640101-050000.

Example 2: One or more items having split funding, 50% to 102001-25101-640101-050000 and 50% to 312145-25101-640101-050000.

Examples of separate requisitions:

Example 1: Two or more items where the first item is charged to 312145-25101-640101-050000 and the second item is charged to 102001-25101-640101-050000. Separate requisitions must be used.

Example 2: One computer and one milling machine are being requested. The computer would be charged to 312145-25101-642101-090000, the milling machine would be charged to 312145-25101-640101-090000. Separate requisitions must be used.

3. The "final" location of the item being requested must be entered on the requisition. This will generally be the room number where the item will be located. In the case where more than one of a Capitalized Asset is being ordered, such as computers, where the "final" location of a specific item may not be known a general room number may be used. When the "final" location of a specific item is known the information can be e-mailed to purchasing for update.

Since the Capitalized Asset inventory will include the location of the equipment it will be necessary to notify Purchasing of any relocation of such equipment. Refer to the "Transfer of College/District Equipment" procedure.