

BEREA COLLEGE Fixed Assets Disposal Policy	Document No.	FIN003.C
	Revision Date	4/2019
	Review Date	4/2019
	Next Review Date	4/2020
	Pages	1- 4
	Approval:	On File in F/A

1.0 Purpose

To properly account for asset retirements. Berea College owned assets that are considered surplus or are beyond economical repair will be disposed of in accordance with the following procedures.

2.0 Definitions

Fixed assets are assets that have been capitalized according to the College's Capitalization and Depreciation policy at <https://www.berea.edu/vpf/policies-and-procedures/>.

Most disposals will be purchased equipment. Purchased equipment is capitalized if the cost of the item is \$5,000 or more, the useful life of the item is at least three years, and the item is able to function by itself.

3.0 Policy

1. Responsibility

The Finance Office is responsible for ensuring that all retirements of fixed assets are properly recorded at the time of disposal.

Departments are responsible for notifying the Finance Office of retirements, transfers, and/or disposals and are responsible for ensuring that the appropriate authorizations are obtained.

2. Authorization Requirement for Disposals

The department head must submit the completed Fixed Asset Disposal Form (<http://www.berea.edu/vpf/policiesprocedures.asp>) to the Purchasing Manager for approval. Together they, along with the Controller, will decide if it is valuable as a trade-in, is to be sold by sealed bid or public advertisement, can be donated to a non-profit entity or should be moved to surplus property.

There are special considerations for disposing of computer and media related equipment, e.g. printers, scanners, copiers, monitors, audio visual equipment, etc. For this reason, disposals of technology equipment are handled by the Information Systems and Services (IS&S) department. IS&S is responsible for reporting these fixed asset disposals to the Finance Office.

If the assets were originally funded with Federal grant funds, in whole or in part, the Office of Partners for Education (or other relevant office) must be notified of the proposed disposal to determine if there are any external requirements related to the disposal of the equipment. Guidelines described in OMB Circular A-110 for equipment financed by federally funded grants must be followed.

If the assets were originally obtained by gift, College Relations must be notified of the retirement before the asset is disposed. The Internal Revenue Service has specific reporting requirements for disposing of capital assets received as gifts. Gifts valued at \$5,000 or more that are disposed of within three years of the date of the gift must be reported to the Internal Revenue Service on Form 8282.

EQUIPMENT CANNOT BE DISPOSED OF BEFORE THE PROPER AUTHORIZATIONS ARE OBTAINED.

2.1 Scrapped Assets

Any fixed asset that becomes obsolete, worn beyond reasonable repair or no longer has a department use must be reported to the Purchasing Department on the Fixed Asset Disposal Form. The asset must be fully described noting tag number, serial number, and perceived condition. The Purchasing Manager and department head will determine whether the item will be placed in surplus inventory, disposed or demolished and the Purchasing Manager will note the means of disposal on the Fixed Asset Disposal Form and forward to the Purchasing Associate. The Purchasing Associate, after review and approval of the Controller, will remove the item from the Banner Fixed Asset module. For surplus assets, the removal will occur only after the sale or other disposal of the asset.

2.2 Sale of Asset

The buyer of College fixed assets must be given a descriptive receipt signed by the Purchasing Manager. The receipt must state that the sale is "Final" and the property is sold in "as is" condition without any express or implied warranties. After completion of the sale, the signed receipt copy and Fixed Asset Disposal Form will be submitted to the Purchasing Associate, who, after review and approval of the Controller, will update the accumulated depreciation to the date of the sale (if applicable) and record the disposal of the asset. All fixed assets are College property and not the property of any single department. Therefore, proceeds obtained from the disposal of property shall be credited to the general fund unless the

property was externally funded by government grants or restricted donations and the proceeds are restricted by agreement or law.

Under no circumstances should the Berea College property tag be removed from the asset; this is to be done by the buyer.

Items should be inspected upon placement in surplus inventory; if a tagged item is received into surplus inventory without a copy of the Fixed Asset Disposal Form, the Finance Office should be notified immediately.

2.3 Stolen Assets

Public Safety shall be immediately contacted when a Berea College employee or student becomes aware of missing and/or possibly stolen College property. Public Safety will notify the Finance Office if appropriate after investigating the reported information. The Purchasing Associate will prepare a Fixed Asset Disposal Form and, after review and approval by the Controller, will remove the item from the Banner Fixed Asset module.

2.4 Asset Trade-in

The consent of the Purchasing Manager must be obtained prior to using a fixed asset as a trade-in toward the purchase of a new asset. The newly acquired asset shall be recorded at fair market value, after review and approval by the Controller.

2.5 Transfer of Assets (Interdepartmental)

The Purchasing Associate should be notified of any fixed asset transfers before moving the equipment to a new location. A Fixed Asset Disposal Form will be completed by the Department. After review and approval of the Controller, the asset transfer sheet will be filed with the asset paperwork.

2.6 College Donation of Assets

The College may choose to donate surplus items to appropriate non-profit organizations if approved by the Vice President for Finance. Donations of surplus items will be reported to the Administrative Committee by the Vice President for Finance if the fair market value at the time of the donation is in excess of \$1,000. The Purchasing Manager will complete the Fixed Asset Disposal Form and forward the form to the Purchasing Associate. After review and approval by the Controller, the Purchasing Associate will remove the asset from the Banner Fixed Asset module upon receipt of the documentation.

2.7 Impairments

A fixed asset may be impaired due to events or change in circumstances, e.g. physical damage, obsolescence or a change in technology. If an asset has been permanently impaired, it must be written down to its estimated remaining value or, in some cases, written off entirely. The Purchasing Associate should be notified of any fixed asset permanent impairments. If appropriate, a Fixed Asset Disposal Form will be completed and, after review and approval of the Controller, the value of the fixed asset will be adjusted in the Banner Fixed Asset module to reflect the decline.