
Chapter: Fiscal and Administrative Services

Modification No. 001

Subject: **Asset Management**

- I. The Board of Trustees recognizes the importance of ensuring accurate records of assets whose value and useful life meet the definition for capital assets. Asset management ensures adequate resources are allocated to invest and maintain college resources for optimal service delivery for student success.
- II. The purpose of this policy is to ensure that assets are accurately identified, maintained, disclosed, and reported in the college's financial records.
- III. The college will maintain a system of internal controls for asset identification and recordkeeping, asset handling, and timely accounting and reporting pursuant to federal, state, or college compliance guidelines.
- IV. All policies, procedures, and guidelines shall comply with government regulations and accounting industry standards.
- V. This policy establishes the scope, authority, responsibilities, and reporting for capital assets that have a physical substance and those that do not, including but not limited to, tangible assets (equipment, buildings) and intangible assets (licenses, software subscriptions).
- VI. The Board of Trustees authorizes the president to establish any procedures necessary to implement this policy.

Board Approval: April 21, 2025.

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I. Scope

These procedures apply to tangible, intangible, and grant capital assets, as defined below:

A. Tangible Asset

A tangible asset is an asset that possesses all the following characteristics:

1. Has a physical form.
2. Holds value that will diminish or depreciate over time.
3. Has an initial useful life that extends beyond a single reporting period.

Common examples of tangible assets are land, equipment, and buildings. However, land and land improvements should not be depreciated.

B. Intangible Asset

An intangible asset is an asset that possesses all the following characteristics:

1. Lacks physical substance.
2. Is nonfinancial in nature.
3. Has an initial useful life that extends beyond a single reporting period.

Common examples of intangible assets are licenses, patents and software subscriptions.

C. Grant Asset

A grant asset is an asset procured with the funds of a federal, state or other grantor entity but has the same or similar characteristics as defined above. These assets are considered controlled assets which the college is required to track until the grant expires and appropriate government approvals support the transfer or disposal of the assets. Grant purchased assets will be handled similarly to college purchased assets unless the guidelines from the granting entity differ; and, in those instances, the grant documents will be the authoritative guidance.

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II. Responsibilities

The Senior Vice President for Administrative and Fiscal Services/Chief Operating Officer (SVPAFS/COO) is responsible for developing and maintaining written administrative procedures for accurate capital asset management, including a system of internal controls for asset identification and recordkeeping, asset handling, and timely accounting and reporting pursuant to federal, state, or college compliance guidelines.

The SVPAFS/COO delegates the day-to-day identification, management, maintenance, accounting, and reporting of the capital assets of the college to all offices or units that are responsible for the capital budgets and execution, the operating budgets and execution, and grant compliance and reporting.

III. Reporting

For financial statement reporting, a tangible capital asset that meets certain capitalization thresholds with a unit value of \$10,000 or more will be reported at cost, depreciated, or amortized over the estimated useful life of the asset, and disclosed as required by governmental accounting standards. The cost of the asset includes acquisition cost and incidental costs incurred to place the asset in service.

Some assets individually may fall below the capitalization threshold but may be purchased in large quantities via a purchase order. In aggregate these bulk purchases (computers, classroom furniture, library books) with a total value of \$100,000 or greater will be reported at cost, depreciated, or amortized over the estimated useful life of the asset even if the per unit value is \$9,999 or less (i.e. the College issues a purchase order for 120 laptops for \$1,200 per unit, these items will be deemed capital assets as a bulk purchase; despite the per unit cost.)

Disclosure for bulk purchases will be as required by governmental accounting standards. Intangible assets meeting certain capitalization limits of \$100,000 or more will be capitalized, recognized over the life of the license or subscription period, and disclosed as required by governmental accounting standards. Donated assets are recorded at the fair market value assessed on the date of donation.

IV. Identifying New Assets

The college's procurement system is the primary means for identifying new assets.

Assets may also be identified through the receipt of in-kind gifts secured through the Montgomery College Foundation.

V. Recording New Assets

Assets identified as meeting certain capitalization thresholds will be documented in the accounting records as a capital asset and affixed with a property control tag. The

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capitalization threshold will be evaluated periodically based on factors such as Uniform Guidance for grant assets, governmental accounting standards for all assets and industry standards.

VI. Equipment Transfers and Moves

A Request for Asset Status Change form, available from the Office of Facilities, must be completed in full when permanently transferring an asset to another location for proper asset inventory purposes. As soon as detected, lost or stolen equipment must be reported in writing to the Office of Public Safety. The form should include, at a minimum: a description of the equipment, identification number, model, serial number, and any circumstances surrounding the loss should be provided.

VII. Physical Inventory and Maintenance

Management allocates adequate resources to maintain all assets and facilities at a level that protects capital investment and minimizes future maintenance and replacement costs. Accordingly, an assessment of maintenance/replacement needs will be conducted on a periodic basis.

Equipment that is damaged, worn beyond economical repair, and/or surplus shall be identified on a timely basis with a record of such equipment maintained. Disposal of surplus property requires proper approvals and tracking on a Request for Asset Status Change form, available from the Office of Facilities. Any equipment containing College resources and/or data must adhere to the College's Data Disposal Standard, as identified in IT Standard 03004: Data Disposal.

A physical asset inventory shall be coordinated across college divisions, utilizing an outside contractor for coverage, on a periodic basis as deemed appropriate for compliance with accounting and reporting requirements.

VIII. Any changes made to these procedures shall take effect at the start of the next fiscal year to ensure timely, consistent, accurate, and complete recordkeeping.

Administrative Approval: April 2, 2025.