

UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC. (BEI)

POLICY #: BEI 1.10 – 8/13

EFFECTIVE DATE: AUGUST 23, 2013

RESPONSIBLE OFFICE: BEI

PURPOSE/PURPOSE: **LOW VALUE ASSET ACCOUNTING POLICY –**
To define the meaning of low asset (under \$5,000) covered by this policy and to establish requirements for proper management and accounting for low assets and to identify organizational responsibilities under this policy.

1. APPLICABILITY: BEI Low Value Assets.

2. POLICY

All low value assets and controlled items acquired by the BEI will be managed in accordance with the guidelines in this policy.

Managing and accounting for low value assets is important to maintaining accurate accounting records. The information required to establish and properly record asset values will come from various units both inside and outside of BEI. Therefore, there will be shared responsibilities.

While other units both inside and outside of BEI may provide supporting information, it remains the ultimate responsibility of the General Manager at Scenic Hills Country Club to ensure that the low value assets and property have been recorded or addressed at that property.

3. GUIDELINES

Due to their sensitive, portable, or theft prone natures, certain property items with a value less than \$5,000 but equal to or greater than \$2,500 may be subject to control as if they were fixed assets. This allows for systematic control over high pilferage and other items that do not meet all the guidelines for capitalization. Refer to the list in Section 4 – 4.1 for management and control purposes, such low value assets that will be tagged and tracked in a system of the department's own choosing. They should also be recorded at their original acquisition cost. Unlike fixed assets, controlled items will not be capitalized.

With respect to the BEI, any fixed asset with an original cost less than \$5,000 is considered to be a *Low Value Asset*.

Note: The guideline test above is important because the BEI has many individual assets that are tangible and long-lived but are not of a value that would justify the time and expense of maintaining detailed accounting records; especially for *low* value assets.

4. MANAGEMENT

The BEI Budget Director will define low value items. A standard list will be compiled and maintained of commonly purchased items that do not meet the BEI's capitalization policy but will still be assigned asset numbers and tracked in a system or method selected by the Departments with the approval of its Director.

All items within the following classifications with a unit cost **less than \$5,000 but equal to or greater than \$2,500** and with a useful life of 1 year or more will have fixed asset identification numbers assigned and tags applied and will be recorded and tracked as Low Value Assets as listed below:

- Artwork
- Audio-visual equipment
- Automotive testing and repair equipment
- Communications equipment
- Hand-held gauges and testing devices
- Portable computer devices such as laptops and tablets
- Maintenance equipment and power tools

BEI Managers may control additional non-capitalized items. Methods of tracking and controlling these items are at the discretion of the department director, and the department is not required to include these in the Fixed Asset reporting. Managers will always implement procedures to safeguard the BEI's investment of all capital fixed assets, low value assets, or other expendable items.

- Controlled items will be recorded and tracked in the same manner as capitalized fixed assets.
 - All items (subject to prescribed dollar limits) in the classifications that are included on the list of controlled items will be recorded without exception by all departments.
 - Low value items will be recorded as expenditures and will be excluded from financial accounting balance sheet reports required for BEI Comprehensive Annual Financial Report (CAFR) presentation purposes.
 - All physical control and inventory procedures pertaining to fixed assets will also apply to low value items.
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