I. NAME

This document shall be called the Capital Expenditure Purchases and Fixed Asset Policy.

II. PURPOSE

This policy is, and will be in effect in order to set guidelines for capital expenditure purchases and administration of fixed assets for the Associated Students (AS).

III. DATE OF EFFECTIVENESS

This policy shall be effective upon approval of the AS Board of Directors (BOD).

IV. AMENDMENTS

This policy may be amended by a 2/3 vote of the AS BOD.

V. GUIDELINES

A. CAPITAL EXPENDITURE PURCHASES

1. Definition
   An AS purchase of a fixed asset with a value of $5,000 or more, and a useful life of greater than one year.

2. Capital Expenditure Budget Process
   a) Each AS area will develop a capital expenditure budget as part of the annual budget process.
   b) Each area’s capital expenditure budget will be based on the greater of: 1) actual anticipated purchases or 2) an average of the past five years of purchases, plus additional amounts as specified for unusual large capital expenditures.
   c) The respective area’s committee and the BOD shall approve the capital expenditure budget as part of the annual budget approval process.
   d) Capital expenditures requested outside the annual budget process may be added to the capital expenditure budget by approval of the respective area’s committee and a report to the BOD.

3. Capital Expenditure Purchase Process
   a) Prior to expending funds from the approved capital expenditure budget, each AS area will follow the guidelines below:

<table>
<thead>
<tr>
<th>Amount</th>
<th>$5,000-$14,999</th>
<th>$15,000-$49,999</th>
<th>$50,000+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quotes/Online Price Sheets (*)</td>
<td>One</td>
<td>Two</td>
<td>Three</td>
</tr>
<tr>
<td>First Approval Level</td>
<td>Area Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Approval Level</td>
<td>Executive Director and Financial Services Director</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
b) CAPITAL EXPENDITURE EMERGENCY PURCHASE
   i. A capital expenditure emergency purchase is allowed when an existing capital asset experiences an operational failure and must be replaced immediately to maintain the daily business operations of the AS.
   ii. A capital expenditure emergency purchase must be pre-approved by the Executive Director and Financial Services Director and if at a cost greater than $15,000, the University Vice President for Business & Finance (or designee).

B. CAPITALIZATION AND DEPRECIATION OF FIXED ASSETS
   1. Capitalization
      All AS purchased fixed assets with a value of $5,000 or more, and a useful life of greater than one year will be capitalized as fixed assets.
   2. Depreciation
      All fixed assets will be depreciated over the estimated useful life, using the straight-line method. Depreciation expense is calculated and posted to the general ledger by the Financial Services Office.

C. RESPONSIBILITY, TAGGING AND PERIODIC INVENTORY OF FIXED ASSETS
   1. Responsibility

---

<table>
<thead>
<tr>
<th>Bid Level</th>
<th>$5,000-$14,999</th>
<th>$15,000-$49,999</th>
<th>$50,000+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Approval Level</td>
<td>None</td>
<td></td>
<td>University Vice President for Business &amp; Finance (or designee)</td>
</tr>
<tr>
<td>Includes a Service/Labor Component?</td>
<td>If Applicable: 1. Follow prevailing wage guidelines. 2. Obtain supplier Certificate of Insurance prior to services being received. 3. Supplier to complete an AS Payee Data Record Form.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Includes Information Technology Hardware or Software Component?</td>
<td>If Applicable: 1. Approved University IT Procurement Review (ITPR) required.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Includes the Purchase of a Vehicle?</td>
<td>If applicable: 1. Purchase must be coordinated through the designated University Fleet Manager to ensure compliance with related Chancellor’s Office requirements.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) Quotes & bidding are not required if utilizing competitive bid contracts. Sole source justifications for capital expenditure purchases of $15,000 or more must be submitted and approved in advance by the Executive Director and Financial Services Director.
Each manager’s administrative duties include acting as the authorized custodian for the fixed assets located in their area.

2. Tagging of Moveable Fixed Assets
   All moveable fixed assets will be tagged. The Information Technology (IT) staff is responsible for maintaining the tagging equipment and software in addition to tagging all new moveable fixed assets. Area managers are responsible for ensuring that all moveable fixed assets are tagged within their area and that all new moveable fixed assets are tagged upon receipt. An Asset Tagging Form must be completed by the area manager when a new fixed asset is received. The Financial Services Office staff will ensure that an Asset Tagging Form has been submitted and that the asset has been tagged.

3. Periodic Inspection of Fixed Assets
   A physical inventory will be conducted, on a test basis, at the end of each fiscal year by the Financial Services Office staff. Each year, a detailed list of each department's assets will be sent to the area manager. It is the fiduciary responsibility of the area manager to visually identify every asset on the list, record any substantive changes in an asset or its location, note disposed or missing assets and make a list of any new qualifying assets which have not been tagged. It is the responsibility of the Financial Services Office to ensure the integrity of the recorded value of fixed assets.

D. CHANGES IN FIXED ASSET STATUS
   1. Fixed Asset Dispositions
      All fixed asset dispositions will be substantiated with a Fixed Asset Disposition Form that is approved by the area manager. These forms should be submitted to the Financial Services Office within a reasonable amount of time after the asset's disposal to ensure the integrity of the fixed asset detail.

   2. Fixed Asset Transfers
      Fixed asset transfers between areas of the AS must be reported by the transferring area as a disposition and by the receiving area as an acquisition. Both the transferring and receiving area will need to complete and submit a Fixed Asset Disposition Form in order to substantiate the transfer process.

Approved BOD: 4/24/19