



Applies to: Faculty, staff, student employees, students, and volunteers

Responsible Office

Business and Finance

POLICY STATEMENT

Central Ohio Technical College (COTC) seeks to promote accountability and ensure the ongoing fiscal integrity through the effective management of college assets. Capital assets must be tracked in accordance with state and federal regulations to ensure that such assets are monitored responsibly and used in accordance with the applicable laws, ethical practices, and COTC policies and requirements. Financial stewardship for capital and non-capital assets rests with each department and includes effective identification, tracking, physical custody, review, and working with Business and Finance for disposals. Business and Finance is responsible for tracking and maintaining a permanent and detailed record of capital assets in Colleague.

Purpose of the Policy

To provide guidance on how to properly document, maintain, and safeguard capital assets and non-capital assets in accordance with state and federal regulations.

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Definitions

Table with 2 columns: Term, Definition. Rows include Asset ID Tag, Capital Assets, Donations, Land, Land Improvements, and Building Improvements.

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Term	Definition
Leasehold Improvement Assets	All improvements made to a leased structure that is over the established capitalization threshold.
Equipment, Furniture, and Art	Tangible assets to be used for operations, the benefits of which extend beyond one year from date of acquisition and rendered into service.
Construction in Progress	Economic construction activity status of buildings and other structures, infrastructure, additions, alterations, reconstruction, installation, and maintenance and repairs, which are substantially incomplete.
Steward	Business Unit Manager or designee that is ultimately financially responsible for an asset assigned to their department.
Surplus Property	College property that is no longer in active use.

Policy Details

- I. General Overview
 - A. The Office of Business and Finance is responsible for maintaining a permanent and detailed record of all capital assets owned by the college, including all private gifts.
 - B. To maintain state and federal standards, the college must:
 1. Include the value of all capitalized assets in the college's annual financial report. The college's external auditors review capitalized assets as part of the annual audit.
 2. Use sound business practice to control assets, specifically maintaining accurate property records.
 3. Abide by federal rules and regulations regarding capital equipment, as appropriate, including the current Governmental Accounting Standards Board (GASB) Statement No. 34, Cost Principles, and Audit Requirements for Federal Awards; Federal Acquisition Regulations and Federal Acquisition Supplemental Regulations; OMB Audit Requirements Compliance Supplements; and OMB Uniform Grant Guidance.
 - C. No individual employee may personally benefit from the sale of college or contractor-owned material or equipment. Individuals or groups who take, sell or benefit from the sale of such items will be subject to criminal prosecution and/or corrective action up to and including termination.
 - D. The college assumes no responsibility for personal property brought onto campus, even if the equipment is used for college purposes.
 - E. The use of any type of college equipment for private or personal purposes is prohibited unless as allowed by the Responsible Use of COTC Computing and Network Resources Policy.
- II. Capital Asset Categories
 - A. The college reports the following capital assets:
 1. **Land**
 2. **Land improvements**
 3. Vehicles and motorized maintenance equipment
 4. Buildings and **building improvements**
 5. **Leasehold improvements**
 6. **Construction in progress**
 7. **Equipment, furniture, art, and materials**
 - B. Donated land should be treated like other donated assets. Site improvements (other than buildings) that prepare land for its intended use are added to the cost of the land.

Examples of expenses to be included in the cost of land are:

1. Purchase price or fair market value at time of gift
2. Commissions

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3. Professional fees (title searches, architect, legal, engineering, appraisal, surveying, environmental assessments, etc.)
4. Land excavation, fill, grading, drainage
5. Demolition of existing buildings and improvements (less salvage)
6. Removal, relocation, or reconstruction of property (railroad, telephone and power lines)
7. Interest on mortgages accrued at date of purchase
8. Accrued and unpaid taxes at date of purchase
9. Right-of-way
8. Other costs incurred in acquiring the land

Examples of expenses to be included in the cost of land improvements are:

1. Fencing and gates
 2. Landscaping
 3. Parking lots, driveways, parking barriers
 4. Outside sprinkler systems
 5. Recreation areas and athletic fields (including bleachers)
 6. Paths and trails
 7. Swimming pools, tennis courts, basketball courts
 8. Fountains, plazas, and pavilions
- C. A **building improvement** should be capitalized if the improvement is at the capitalization threshold. For a replacement to be capitalized, it must be a part of a major repair or rehabilitation project, which increases the value and/or useful life of the building. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part such as complete replacement of an old roof with a new roof. Replacement or restoration to original utility level will not be capitalized. Determinations must be made on a case-by-case basis.

Any maintenance-related expenses or repairs which do not increase the value of the building will be expensed when it occurs and will not be capitalized as an asset.

Examples of expenses to be included in the cost of buildings are:

1. Purchased buildings
2. Original purchase price
3. Expenses for remodeling, reconditioning or altering a purchased building to make it ready to use for the purpose for which it was acquired
4. Environmental compliance (i.e., asbestos abatement)
5. Professional fees (legal, architect, inspections, title searches, etc.)
6. Payment of unpaid or accrued taxes on the building to date of purchase
7. Cancellation or buyout of existing leases
8. Other costs required to place or render the asset into operation
9. Constructed buildings
10. Completed project costs
11. Interest accrued during construction
12. Cost of excavation or grading or filling of land for a specific building
13. Expenses incurred for the preparation of plans, specifications, blueprints, etc.
14. Cost of building permits
15. Professional fees (architect, engineer, management fees for design and supervision, legal)
16. Costs of temporary buildings used during construction
17. Unanticipated costs such as rock blasting, piling, or relocation of the channel of an underground stream
18. Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building



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- 19. Additions to buildings (expansions, extensions, or enlargements)
- 20. Installation or upgrade of heating and cooling systems
- 21. Original installation/upgrade of wall or ceiling covering such as carpeting or tile
- 22. Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing
- 23. Installation or upgrading of windows, doors, built-in closets, cabinets, etc.
- 24. Interior renovation associated with casings, baseboards, light fixtures, ceiling trim, etc.
- 25. Exterior renovation such as installation or replacement of siding, roofing, masonry, etc.
- 26. Installation or upgrade of plumbing and electrical wiring
- 27. Electrical substations
- 28. Storage tank
- 29. Duct work
- 30. Fiber-optic cable networks (telecommunications)
 - a. An infrastructure improvement should be capitalized. Assets to be included as an infrastructure improvement should follow the same basic guidelines as a building improvement listed previously.
- 31. Other costs associated with the above improvements
- D. Construction in progress assets should be capitalized to their appropriate capital asset categories upon the earlier occurrence of execution of substantial completion contract documents, occupancy, or when the asset is placed into service.
- E. Improvements or additions to existing equipment that constitute a capital outlay or increase the value or life of the asset, which meets or exceeds established capitalization thresholds, should be capitalized and recorded as an addition of value to the existing asset.

Examples of expenses that may be included in the cost of equipment and furniture are:

- 1. Original contract or invoice price
- 2. Installation charges
- 3. Charges for testing and preparation for use
- 4. Costs of reconditioning used items when purchased
- 5. Parts and labor associated with the construction of equipment
- 6. Expenses for extended warranties and maintenance agreements, which can be separately identified from the cost of the equipment, should not be capitalized.
- 7. Works of art such as painting, sculptures, and designs

III. Capitalization Thresholds

- A. Assets are recorded if they meet or exceed established capitalization thresholds. Capitalization thresholds for the college as of July 1, 2025, are shown below.

Classification	Threshold
Land	Capitalize All
Land Improvements	\$5,000
Buildings	\$5,000
Building Improvements	\$5,000
Infrastructure	\$5,000
Leasehold Improvements	\$5,000
Equipment, furniture, and art	\$5,000

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- B. The capitalization threshold prior to July 1, 2025, was to capitalize all classifications at \$2,500.
- C. All property valued below these thresholds will be controlled solely by the department responsible.
- D. The college capitalizes interest on construction projects until substantial completion of the project.
Capitalized interest is amortized on the straight-line basis over the estimated useful lives of such assets.

IV. Capital Asset Depreciation

- A. Depreciation is computed using the straight-line method, over the estimated useful life of the asset category. The annual depreciation is calculated by taking the historical cost, less any residual value, and dividing by the estimated life.
- B. When capital assets are sold, or otherwise disposed of, the historical cost of such assets and any accumulated depreciation are removed from asset accounts and any gain or loss on disposal is recognized. The gain or loss on disposal is calculated by taking the carrying value (historical cost less accumulated depreciation) and subtracting any proceeds from the sale.
 - 1. Estimated useful lives are as follows:

Classification	Estimated Life
Building and improvements	40 years
Infrastructure	20 years
Land Improvements	20 years
Leasehold Improvements	3, 4, 10, 40 years or life of lease whichever is shorter based on asset type
Equipment and furniture	5 to 10 years*

- 2. Land, historical collections and works of art are deemed to be inexhaustible and are not depreciated. Construction in progress is not depreciated until the asset is put into service.
- 3. The following table provides a breakdown of equipment, furniture, and art by the equipment category used in the current accounting system:

Equipment Description	*Estimated Life
Appliances	10
Artwork	10
Athletic equipment	10
Audio visual equipment	5
Computer equipment	5
Custodial equipment	5
Educational equipment	10
Grounds equipment	5
Maintenance equipment	5
Office equipment	10
Office furniture	10
Scientific equipment	10

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Security equipment	5
Software	5
Vehicles	5
All other equipment	10

4. All depreciation schedules for equipment, furniture and art are maintained within the current accounting system.

PROCEDURE

- I. Purchase of Capitalized Equipment
 - A. Equipment purchases are made in accordance with the Purchasing policy.
 - B. All capitalized equipment is purchased using specific object codes (65300 through 65399).
 - C. As part of the procurement process, purchasing capitalized equipment requires the entry of tracking and reporting information into the asset management system, which assigns an asset ID to the capitalized item for identification and tracking purposes.
 - D. Each asset record is created in the system after the item is received and the invoice is paid.
 - E. The asset ID number is assigned when the asset record is created.
- II. Equipment Delivery, Errors, Damage, Warranties and Payment
 - A. Regarding deliveries of capital assets, it is essential that the requisitioning department follow these practices to ensure that they and the college are protected should anything unforeseen happen before the receipt of the asset.
 1. Business and Finance should be notified if an order appears to be delinquent, unsatisfactory, in error, or does not conform to the specifications of the purchase order in order to act on behalf of the college to correct the issue.
 2. All damaged equipment must be reported immediately to the Business and Finance.
 3. Delivery confirmation of items from vendors is to be maintained in Business and Finance.
 - B. Problems with equipment under warranty must be reported immediately to Business and Finance.
 - C. For payment of invoices, follow the Accounts Payable policy and procedures.
- III. Tagging of Capitalized Equipment
 - A. All receipted capitalized equipment is assigned an asset ID.
 - B. The asset ID is used in equipment audits performed as part of the annual Asset Management audit.
 - C. An **asset ID tag** is affixed to the equipment by the Assets and Shipping/Receiving Coordinator.
 - D. The asset ID tag is placed on a flat, visible surface unless it is attached to a removable component.
 - E. If it is not possible to affix the asset ID tag to an item due to its size, number of components or delicate nature, then an “untagged” asset ID is assigned to the asset in the asset management system.
- IV. Changes in Equipment Status
 - A. Assignment to individual for off-campus use
 1. Individuals must ensure that any assets regardless of value taken off campus or assigned to an individual for off-campus use are maintained according to the assigning department’s regulations.
 - B. Reporting changes in equipment status is the responsibility of the **steward**. This section outlines the various types of changes in equipment status that must be reported to Business and Finance.
 - C. Equipment Trade-In.
 2. Organizations may trade-in equipment that is outdated or surplus due to replacement purchases. On the Purchase Order for the new item, the word “TRADE-IN” should be included in the comments field, along with the Asset ID. The Asset Retirement Form must be submitted to Business and Finance for all items.
 3. After receipt of the approved form, Business and Finance will retire each item for the inventory records.
 4. Relocation within the organization must be communicated to Business and Finance so the asset location, steward, etc. can be updated in the asset management system.
 - D. Equipment Retirement

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1. Certain categories of equipment should be removed permanently from the organization's inventory records. These are:
 - Equipment that is destroyed
 - Equipment that is stolen
 - Equipment that is salvaged for parts
 - Equipment that is transferred to a state agency or donated
 - Equipment that is traded in
 - Equipment that is sold
 - Equipment that is lost
 2. When equipment is removed from the organizational records, the Asset Retirement Form must be submitted to Business and Finance with all appropriate signatures and information.
- V. Stolen Equipment
- A. Stolen equipment must be reported immediately to Campus Security.
 - B. The steward is responsible for providing the asset ID to Campus Security. Business and Finance can be contacted if the organization does not have complete information about the asset.
 - C. The Asset Retirement Form must be submitted to Business and Finance along with a copy of the police report. After receipt of those forms, Business and Finance will then remove the asset from the asset management system.
 - D. Questions regarding insurance provisions for stolen equipment should be directed to Business and Finance.
- VI. Surplus Property
- A. College property that is no longer in active use is considered surplus property.
 - B. The steward completes the Asset Retirement Form for items identified as surplus to the organization's needs. The asset ID of the surplus property must be indicated on the Asset Retirement Form.
 - C. The Asset Retirement Form must have the approval of the relevant, unit budget manager, dean, vice president of Business and Finance, or the president before disposal.
 - D. Only the Purchasing Department is authorized to sell, auction or scrap surplus property.
- VII. Physical Audits
- A. Physical Audits
 1. The college's expectation is for physical audits to occur annually. Every steward should have 100% of the department's assets audited by Business and Finance every year.
 2. Business and Finance schedules audits with the steward, who is responsible for allowing the auditor access to all assets.
 3. Once the audit is complete, a final report is sent to Business and Finance.
- VIII. Procedure for All Other Asset Classifications
- A. Land, land improvements, buildings, building improvements, and leasehold improvements are researched and evaluated through Business and Finance and entered into the current accounting system.

Responsibilities

Position or Office	Responsibilities
Business and Finance	<ol style="list-style-type: none"> 1. Maintaining a permanent and detailed record of all capital assets owned by the college, including all private gifts. 2. Coordinating and performing physical audits of capitalized equipment. 3. Facilitating the annual asset audit process. 4. Physically tagging the college's equipment. 5. Maintaining accurate and complete information for all capitalized assets. This includes but is not limited to recording in the asset management system, creating, updating, and retiring assets. 6. Sell, auction, or scrap surplus assets after receiving a signed Asset Retirement Form from



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Position or Office	Responsibilities
	the steward.
Steward	<ol style="list-style-type: none"> 1. Maintaining knowledge of all asset locations. 2. Cooperate with the Asset and Shipping/Receiving Coordinator during annual audits. 3. Provide Business and Finance with an Asset Retirement Form that addresses the deposition of surplus capital equipment. 4. Notify Business and Finance of any change in equipment status (e.g. location change, steward change, updating serial number, etc.). 5. Contact Campus Security immediately if an asset is stolen and provide them with the Asset ID. 6. Notify Advancement when equipment is received as a gift to the college.
Advancement	Must acknowledge the gift and notify Business and Finance.
Individual	<ol style="list-style-type: none"> 1. Do not personally benefit from the sale of college or contractor-owned material or assets. 2. Do not use any college assets for personal purposes.

Resources

- [COTC Business and Finance](#)
- [COTC College Policies](#)
- [COTC Department of Public Safety](#)
- [Federal Acquisition Guidelines](#)
- [Governmental Accounting Standards Board \(GASB\) No. 34](#)
- [Ohio State University \(OSU\) Office of Technology and Digital Innovation \(OTDI\)](#)
- [Office of Management and Budget \(OMB\) Compliance Supplement](#)

Contacts

Subject	Office	Telephone	E-mail/URL
General policy questions	Business and Finance	740-364-9629	white.739@mail.cotc.edu
Asset disposal questions	Business and Finance	740-366-9233	searfos.10@osu.edu

History (required)

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