

Disposal of Assets

RVC Administrative Procedure (2:40.060)

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A. Purpose

Per Board Policy 2:40.060, The Board of Trustees allows the College to dispose of public assets to the extent allowed by prevailing statutes. These administrative procedures describe how the College will administer the disposal of public assets through the office of Business Services.

The disposal of land, buildings, and building improvements owned or leased by the College are excluded from these procedures per the Board Policy.

B. Department and Primary Point of Contact Involved

Business Services:

- Inventory Coordinator
- Manager of Business Services
- Mail and Distribution Center staff

Financial Services:

- Senior Accountant
- Staff Accountants
- Accounts Receivable

C. Definitions

Taggable item: An asset procured or donated to the College that will be given a tag number by Business Services. Items are tagged if they are one or more of the following items.

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- A high-theft item
- An electronic item tagged for tracking purposes, such as IT equipment
- Tangible goods singularly valued at \$5,000 or more
- An item that is an integral part of a larger purchase that is a capital expense

Capital asset: College property that has an estimated useful life of more than one year and the property can be movable or immovable, tangible or intangible, fixed or circulating. Capital assets always have a value equal to or greater than \$5,000.

Fixed asset: A capital asset that is a tangible good that is valued at \$5,000 or more and is therefore tagged in the system.

Capitalization of an asset: Happens when a date is determined that a capital asset is put into use and starts its depreciation over its useful life.

Depreciation of an asset: A reduction in the value of an asset with the passage of time

Disposition of an asset: Also called disposal of an asset. The removal of a tagged asset from the College's inventory whether through auction, donation, scrapping, recycling, or garbage. Assets may also be disposed of by other means as approved by the College CFO and department VP. All disposed assets must be properly documented in the inventory system.

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D. Procedures

Rock Valley College (RVC) records its assets in accordance with Generally Accepted Accounting Principles (GAAP) and pronouncements issued by the Governmental Accounting Standards Board (GASB). GAAP requires that all College operations be maintained on the *accrual basis* of accounting. This requires that expenses be recorded in the period that the goods and/or services are received and/or rendered.

The recording of assets happens at the time of acquisition. The Inventory Coordinator enters taggable items into the College's inventory software for recording, tracking, and reporting. For reporting purposes and to facilitate transparency of assets, records are maintained in Colleague, an Access database, and Brightly software. Reports are generated for internal control, financial reporting, and to meet ICCB requirements.

There are various reasons why the College would need to dispose of an asset. Upon identifying an asset to be disposed, an Equipment Transfer Request Form (ETRF) must be completed, and the asset must be properly disposed of in the College's inventory system and software. An asset may be identified to be disposed of for one of the following reasons:

- End of useful life/obsolete

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- Damaged
- Trade-in
- Stolen
- Donation

Depending on the reason for disposal, Business Services will take appropriate action to confirm the asset identification and document the disposal of the asset in the inventory software.

A fixed asset to be disposed of due to being obsolete, damaged, in disrepair, or for lack of need must be identified on the Equipment Transfer Request Form (ETRF) and sent to Business Services. If an item is damaged or not functioning, this must be noted on the ETRF. The Inventory Coordinator will follow up with the appropriate administrator to authorize disposal of capital assets.

Method of disposal may vary depending on the item in question. The Inventory Coordinator will collaborate with the pertinent department(s) to determine whether an item is redeployed, used for parts, posted for auction, donated, or junked. The Inventory Coordinator is responsible for ensuring the appropriate departments are involved in the process. If needed, collaborative arrangements will be made between the Inventory Coordinator and the department(s) to have the fixed asset stored until disposal.

Money received from the auction or sale of surplus goods/equipment will be deposited into a sale of surplus property revenue account (01-00000-49300). Accounts Receivable will record the deposit in Colleague.

If any College personnel are interested in purchasing items that the College has determined to sell, they will have the same opportunity as the general public to purchase or bid on such items.

If hazardous or dangerous materials are to be disposed of, Business Services, Risk Management, and Plant Operations and Maintenance will work together to determine the best method.

Stolen assets must be immediately reported to the RVC Police Department upon discovery of the theft. A written report must be completed and submitted to the Executive Assistant to the VP of Operations and to the Inventory Coordinator who will be responsible for the updating asset records.

After any asset has been disposed of for any reason, the Inventory Coordinator must record the asset as disposed in Colleague.

Accounting Services and the Inventory Coordinator will collaborate to post the disposal information to the general ledger on a quarterly basis. Accounting Services and the Inventory Coordinator will save any reports resulting from the disposal process for future audit requests and records.

E. Related Documents

RVC Board Policy 2:40.060 Disposal of Assets

RVC Standard Operating Procedure – Capital Assets (FIS SOP WIP)

Equipment Transfer Request Form and its SOP (BSE SOP WIP)

How to Dispose of an Asset in Colleague (BSE SOP WIP)

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