

Treasure Valley Community College

Code: **DID-AR**
Adopted: 4/2/02
Readopted: 10/14/09
Orig. Code(s): AR 300-11

Fixed Asset Capitalization Policy

It is our goal to have a uniform capitalization policy for Generally Accepted Accounting Principles purposes (GAAP). For internal reporting purposes and inventory control, we will continue to track fixed assets in the manner we have been (Non-GAAP).

The following guidelines will be followed with regard to the College's capitalization policy:

1. Departments are required to properly account for all fixed asset transactions. This includes the proper recording of and reconciliation of a periodic inventory of both GAAP and Non-GAAP fixed assets.
2. Physical inventories of fixed assets are completed annually as of June 30th of each fiscal year.

Non-GAAP Fixed Assets

Non-GAAP fixed assets are buildings and equipment, including computer software, with a useful life of more than one year and an original cost between \$500 and \$4,999.99.

GAAP Fixed Assets

GAAP fixed assets are defined as all land regardless of cost, buildings and equipment, including computer software, with a useful life of five years or more, and an original cost at or above the thresholds as established by the College.

The following table will be the guidelines for establishing capitalization thresholds for the College:

Land	Capitalize only
Land improvements	\$25,000
Buildings	\$50,000
Building improvements	\$50,000
Construction in progress	Capitalize only
Machinery and equipment	\$5,000
Vehicles	\$5,000

The College will capitalize all individual assets with a cost at or above the established thresholds, that have an estimated useful life of five years or more. Individual assets that cost less than the established thresholds, but operate as part of a network system (i.e., telephone system, computer system) will be capitalized in the aggregate, using the group method, if the estimated average useful life of the individual asset is five years or more. A network is determined to be where individual components may be below the established threshold, but are interdependent and the overriding value to the college is on the entire network and not the individual assets.

The following ranges are proposed as guidelines in setting estimated useful live for asset reporting and related depreciation:

Buildings and improvements	25-40 years
Land improvements	10-20 years
Machinery and equipment	5-10 years
Vehicles	5-10 years

Note: Land and construction in progress are not depreciated.

With respect to asset improvements, costs over the established thresholds should be capitalized if:

1. The estimated life of the asset is extended by more than 25 percent; or
2. The cost results in an increase in the capacity of the asset; or
3. The efficiency of the asset is increased by more than 10 percent; or
4. Significantly changes the character of the asset.

Otherwise, the cost should be expensed as repair and maintenance.