

	FA 600
	Capitalization Policy
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	Approved By: Brian Laffey
	Effective Date: 06/01/2010

<p>Purpose To establish and implement controls necessary to protect the assets of the university, and record assets in compliance with federal rules and regulations and generally accepted accounting principals.</p>
<p>Policy To safeguard and record all capital items in accordance with the university capitalization policy.</p>
<p>Definitions All purchases of equipment and buildings that exceed \$2,500.00, any purchase of land, and building renovations and repairs that exceed \$25,000.00 and extend the useful life of the asset of more than one year will be capitalized and depreciated over the estimated useful life of the asset as defined by the Controller’s Office schedule of useful life.</p>
<ol style="list-style-type: none"> 1. <i>Land</i> – Costs to be capitalized includes all costs associated with the acquisition of the land as well as the costs incurred in preparing the land for its intended purpose. These costs include, but are not limited to, purchase costs, closing costs, razing existing structures. 2. <i>Land Improvements</i> – Costs to be capitalized include, but are not limited to, landscaping, lighting, and parking lots that exceed \$25,000.00. 3. <i>Buildings</i> – Costs to be capitalized include all costs associated with the purchase or construction. 4. <i>Building Improvements</i>– Costs to be capitalized are costs that improve the useful life of more than one year of the building, or substantially changes the use of the original space, or the improvement expands the total space of the building , AND exceed \$25,000.00. 5. <i>Equipment</i> – All equipment that costs \geq\$2,500.00 and is a tangible piece of personal property that has a useful life of more than one year. Costs capitalized include all costs of purchase and those costs associated with delivery, transportation, and insurance while in transit, installation costs, and other similar costs. <i>For government owned equipment transferred to the University, the cost will be the cost as recorded on the official transfer document.</i> <ol style="list-style-type: none"> a. All equipment owned by the university is subject to the university fixed asset policies. b. The safeguarding and use of equipment assigned to a department is the responsibility of the department chairperson.

6. Furniture and Fixtures – Individual pieces must exceed \$2,500.00, unless the purchase is an integral part of building construction.
If an order of 100 chairs at \$69.65 per chair is made, this order is not capital because each individual unit is less than \$2,500.00.
7. *Software* – Software will be capitalized if the value exceeds \$2,500.00 and has a useful life of greater than one year.

Guidelines

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References

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Responsibilities

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Required Forms

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