Procedure 2320 – Capitalization

Capital assets include land, infrastructure, buildings, building improvements, furniture, fixtures, equipment, vehicles, library materials, and construction in progress. Items to be capitalized must have a value greater than $5,000 (see exceptions for infrastructure and building improvements below) and have a useful life of at least two years.

- Land – includes the amount paid for the purchase, including all costs such as real estate fees and legal fees. Land is not depreciated.
- Infrastructure – are long lived capital assets that have a service potential for an extended period and are normally stationary. This would include such items as streets, parking lots, lighting, sidewalks, utility distribution systems, etc. Work to improve the infrastructure would be capitalized if the project exceeded $250,000. These capitalized amounts will be depreciated over their useful lives.
- Buildings – consist of all structures used for the College's operations. Included are all permanently attached fixtures, machinery, and other components that cannot be removed without damaging the building. All direct costs of construction are applied to the value of the building.
- Building Improvements – improvements that exceed $250,000 in value that increase the efficiency and useful life of a building are capitalized. These improvements are a component of the building and are depreciated separate from the building.
- Furniture/Fixtures/Equipment/Vehicles – consist of movable property with a useful life of more than two years.
- Library Books – the amount to be capitalized in a given year will be the total amount expended for the purchase of printed books. This asset will be considered a "group" by year as opposed to all other items which are capitalized on an item by item basis.
- Construction in Progress – Expenditures such as architectural fees, site work, construction, etc. associated with a project are to be recorded. These items are not depreciated during construction. Once construction is completed, and the asset is put into service, depreciation will begin.

A fixed asset form must be completed for any item with a value greater than $5,000 and having a useful life of at least two years. This form is to be submitted to the Business office (Comptroller/Dean of Administration). Capital assets will be reviewed annually.

Depreciation:

Capital assets of the College are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	10-80
Buildings	80
Building Improvements	20-40
Furniture/Fixtures/Equipment	20-40

Vehicles	5
Library Materials	80

Betterment and Impairment:

A recognized betterment or impairment of a long lived asset will be reflected when circumstances warrant. Changes to the asset will be reported on the fixed asset form and will include the betterment or impairment assumptions use in determining the loss/gain.

Transfers:

When the control of a capital asset is transferred from the original purchasing department to another department, or is moved from one location to another, the supervisor responsible for the fixed asset must submit a fixed asset form to the Comptroller.

Disposals:

College Capital Assets may be disposed of once they are no longer needed or of value to the institution.

- Disposals of real property (Land, buildings, Infrastructure) require the approval of the Board of Trustees.
- Disposal of "personal property" (furniture, fixtures, equipment, vehicles, library materials, etc.) must follow procedure 2201 – Disposal of College Equipment http://docs.bartonccc.edu/procedures/2201-disposalofequipment.pdf
- Prior to disposal, a fixed asset form must be submitted to the Dean of Administration for approval.

(Based on policy 1305; approved by President on 3/3/14)