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SUBJECT: ACQUISITION OF CAPITAL ASSETS
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820.1 – POLICY

820.1.1 – PURPOSE

Bridgerland Technical College acquires property, buildings, equipment, vehicles, software, materials, and supplies in order to fulfill its mission. The College accounts for capital assets (also referred to as fixed assets) in accordance with generally accepted accounting principles and standards enacted by the Governmental Accounting Standards Board.

820.1.2 – TYPES OF CAPITAL ASSETS

Capital assets include property, buildings and improvements, equipment, vehicles, and software with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are treated similarly whether purchased with College funds, acquired from the Utah Division of Facilities Construction and Management (DFCM), or donated to the College.

820.1.3 – VALUATION OF CAPITAL ASSETS

Historical cost is the basis for valuing capital assets. Historical cost is the cash price of obtaining the capital asset and getting it ready for its intended use, including freight charges, installation costs, etc. For land and buildings, it includes the purchase price, closing costs, and all fees and other costs to ready the land and/or building for its intended use.

Donated capital assets are recorded at the estimated fair market value at the time of the donation, rather than the purchase price of a new similar item.

820.1.4 – REPAIRS AND MAINTENANCE

The costs of normal maintenance and repairs that do not add to the capacity of the asset or materially extend the life of the asset are not capitalized. Instead, such costs are expensed when incurred. Reasonableness and professional judgment are emphasized and utilized in the decision of whether transactions qualify to be expensed or capitalized.

820.1.5 – PROJECTS THROUGH DFCM

The College normally capitalizes all projects that are administered by DFCM for the College, except for when the project is determined to be a repair as described in the section above. The College seeks to align with DFCM for the accounting of such projects, particularly in determining the timing of the transfer from DFCM to the College.

820.1.6 – DEPRECIATION AND ESTIMATED USEFUL LIVES

All land is capitalized and not depreciated. All other capital assets are depreciated over an estimated useful life using the straight-line method of depreciation. The estimated useful life of an asset is determined at acquisition based on guidelines provided in the State of Utah Fixed Assets Standard Useful Life Table (FIACCT 09-17.01 – Utah Division of Finance Policies and Procedures) and the professional judgment of the applicable department head.

820.2 – PROCEDURES

820.2.1 – RECORDKEEPING AND RESPONSIBILITIES

It is the responsibility of each department head that acquires capital assets to properly complete the new fixed asset form in conjunction with the Accounting Department. The form identifies key information about the capital asset such

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as description, serial number, vendor, and purchase price, which is entered into the fixed asset software for tracking purposes.

A capital asset list is provided annually by the Accounting Department to the applicable department head for review. Once the department head has verified all assets on the list, he/she signs and returns the list to the Accounting Department and any discrepancies are resolved.