

Purpose: To provide guidelines for the proper accounting for the acquisition and depreciation of capital assets. (Related document: Utah System of Higher Education Policy R561, Accounting and Financial Controls.)

Capital Assets Not Being Depreciated

LAND

Acquisition: The recorded land cost should include the acquisition cost, legal and title fees, unpaid taxes or other liens, mortgages, or encumbrances assumed, surveying and recording fees, appraisal and negotiation fees, site preparation costs (clearing, leveling) and demolition of unwanted structures.

WATER RIGHTS

Acquisition: The recorded water right cost should include the acquisition cost and any legal, title, and recording fees.

ART AND SPECIAL COLLECTIONS

Acquisition: Art shall be capitalized if the acquisition cost/value is \$5,000 or greater. If a collection is \$5,000 or greater then it will be capitalized as a collection.

Capital Assets Being Depreciated

BUILDINGS

Acquisition: Buildings costing \$250,000 or greater are capitalized. Buildings include the excavation, building structure or shell, foundations, framing, floor structure, roof structure, roof cover, floor cover, ceiling, interior construction and finishings, exterior finish, building service equipment, including the electrical, plumbing, heating, ventilation and air- conditioning systems, alarm systems, elevators, fire protection systems, computer and network cabling, and telecommunications cabling and stationary equipment, and other building fixed equipment (built-in or attached).

Depreciation

Useful life: 40 years for new construction, 1 to 30 years for building purchases based on condition of building, 10 to 40 years for new building improvements depending on the existing life of the main building. When an improvement extends the useful life of a building, the building and the improvement shall be determined to have a remaining useful life equal to the length of time which the improvement extends the building's useful life. When an improvement does not extend the useful life of a building, the useful life of the improvement shall be determined to be the greater of 10 years or the remaining useful life of the building.

In-service date: this is the date depreciation is to begin. Buildings begin depreciating during the fiscal year after it is purchased or for constructed buildings during the fiscal year after the certificate of occupancy is received.

Depreciation method: All College buildings are depreciated using the straight-line method.

LAND IMPROVEMENTS

Acquisition: Land improvements costing \$250,000 or greater are capitalized. Land Improvements can include landscapes and other site improvements, roads, parking lots, tunnels, water fountains, and other infrastructure.

Depreciation

Useful life: 20 years for new construction.

In-service date: this is the date depreciation is to begin. Land improvement begin depreciating during the fiscal after the work has been substantially completed.

Depreciation method: All College land improvements are depreciated using the straight-line method.

EQUIPMENT AND MOTOR VEHICLES

Acquisition: Equipment and motor vehicles having a useful life of more than one year and a cost of \$5,000 or greater are capitalized. Equipment is personal property of the College, whether purchased or donated, having a relatively fixed location, but capable of being moved and distinguished from building fixed equipment.

Depreciation

Equipment and motor vehicles have been grouped into various asset types with different useful lives for depreciation purposes:

<u>Asset Type</u>	<u>Description</u>	<u>Useful Life</u>
10	Vehicles	5
15	Airplanes	10
20	Furniture/Fixtures	10
30	General Equipment	5
40	Computers & Related Equipment	3
50	Kitchen Equipment	10
60	Physical Plant Equipment/Machinery	10

In-service date: this is the date depreciation is to begin. Equipment and motor vehicles acquired from July thru December are depreciated at half of the full year of depreciation for the first and last year. Equipment and motor vehicles acquired from January thru June are not depreciated for the first year.

Depreciation method: All College equipment and motor vehicles are depreciated using the straight-line method.

LIBRARY COLLECTIONS

Acquisition: Library collections include books, periodicals, microfilm resources, other written materials (maps, etc.), models (anatomical, molecular, etc.), and audiovisual resources (audiocassettes, owned E-books, videocassettes, videodiscs, CD & CD-ROMs, DVDs, and multi-media kits). The library collections costs are capitalized at the original acquisition cost paid.

Depreciation

Useful life: the useful life of all library collections shall be determined to be 20 years.

In-service date: this is the date depreciation is to begin. Library collections begin depreciating during the fiscal after the library collections were acquired.

Depreciation method: All College library collections are depreciated using the straight-line method.

LEASEHOLD IMPROVEMENTS

Acquisition: leasehold improvements are permanent improvements which cannot be removed without substantially damaging or necessitating substantial repair to the leased asset from which the improvement is removed. Such improvements include both building improvement (including permanently installed fixed equipment) and land improvements. Leasehold improvements costing \$250,000 or greater are capitalized.

Depreciation/Amortization

Useful life: leasehold improvements are depreciated over the term of the lease.

In-service date: this is the date depreciation is to begin. Building leasehold improvements begin depreciating during the month the certificate of occupancy is received. Land leasehold improvements begin depreciating during the month the work has been substantially completed.

Depreciation method: All leasehold improvements are depreciated using the straight-line method.