



**Policy Title:** Fixed Asset Capitalization Policy

**Policy Owner:** Board of Trustees Audit Committee

**Review Period:** Three Years

**Effective Date:** June 1, 2007

#### Policy Summary

Fixed assets are to be capitalized when they fall into specific categories listed and are purchased for a unit cost of \$5,000 or more.

#### Purpose

This policy provides a threshold and categories for the capitalization of fixed assets.

#### Scope

All capitalized expenditures purchased by University funds or donated to the University. Fixed asset categories include land, buildings, improvements, equipment, furnishings, vehicles, and library books.

#### Policy

Fixed assets are to be capitalized when they fall into the categories of land, buildings, improvements, equipment, furnishings, and/or vehicles purchased for a unit cost of \$5,000 or more. Equipment or furniture purchased in conjunction with a building renovation or capital project, but not having a unit cost of \$5,000 or more, are capitalized as part of the project. All library books are capitalized regardless of their unit cost.

#### Definitions

Capitalized – To spread the cost of the expenditure over the useful life of the asset.

Fixed Asset – Long term tangible property used in the production of income and not expected to be consumed or converted into cash any sooner than one year.

Policy History: Adopted April 27, 2006

Revised June 1, 2007

Revised April 2016

Reviewed April 20, 2021 by the Audit Committee with no changes

Revised April 24, 2023