

Policy No. 510

Area: Business Services

*Original signature is on file in
Administration & Finance*

Adopted: April 2, 2002

Certified by _____
Dr. Cynthia Jackson-Hammond
University President

Revisions Adopted: June 9, 2016

SUBJECT: Property, Plant and Equipment

A. DEFINITION

1. Property, plant, and equipment are capital assets that include land, buildings, building improvements, vehicles, furniture and equipment, works of art, and intangible assets such as patents. In addition, infrastructure assets such as roads, tunnels, or networks may qualify. A capital asset is capitalized (not expensed) and depreciated over a useful lifetime when the asset has a cost of \$5,000.00 or more and the asset has a useful life exceeding one or more years.

2. The University will use the straight-line depreciation method based upon the useful life and cost basis of the asset.

3. Cost of assets is defined as the net invoice price plus the cost of any attachment, modification, accessory, or auxiliary apparatus necessary to make the asset useable for the purpose for which it was acquired. Ancillary charges such as taxes, duties, protective in-transit insurance, freight, and installation should also be included in the asset cost.

4. Assets will be recorded to ensure asset control (acquisitions, transfers, disposal, and physical inventory) and to provide capitalization and depreciation information to the Controller's Office.

B. GUIDELINES

1. In some instances, publications are purchased as part of a library's collection, and these collections may be capitalized even if they do not meet the dollar guidelines stated.

2. Equipment or other assets that have been attached or fastened to a building are classified as building improvements and will not be capitalized. Examples include carpeting, built-in cabinets, shelving, or other building improvements that add new functionality or extend the useful life of the facility.

3. Capital purchases under \$5,000 are not subject to capitalization and depreciation.

4. Gifts to the University and donated equipment qualify as capital assets if the items are titled in the University's name and meet the dollar value criterion. The recorded value should be the estimated fair market value at the time of donation.