

TITLE: FIXED ASSET CAPITALIZATION POLICY
APPROVED: March 1994 REVIEWED: November 7, 2011
NEXT REVIEW: 2014-2015
RESPONSIBILITY: Vice-President, Administration
APPENDICES:
CROSS-REFERENCE:

POLICY STATEMENT:

Asset inventories are necessary for the efficient management of capital resources. Grande Prairie Regional College shall maintain inventories of furniture and equipment, building construction and leasehold improvements and land and site development.

PURPOSE:

To ensure that the physical assets of the College are properly recorded and depreciated in the fixed asset ledger.

SCOPE:

The policy applies to all assets of the College. Assets include furniture and equipment, buildings and leasehold improvements, along with land and site improvements.

DEFINITIONS:**PROCEDURE/GUIDELINES:**

Capital asset acquisitions are recorded at cost, except donated assets which are recorded at fair value when a fair value can be reasonably determined.

The cost includes the purchase price and all normal and reasonable expenditures necessary to make the equipment operational (e.g. shipping, installation, duty, non-recoverable GST, etc.).

The Financial Services Department will audit capital assets on an annual basis to ensure that the items are on hand.

The purchase of capital items regardless of funding source must be approved by Executive prior to initiating the purchasing process.

1. FURNITURE AND EQUIPMENT

The College will inventory any single item costing \$1,500 or more (with the exception of software). The following criteria must apply in order for the item to be capitalized:

- 1.1 A life expectancy of more than one year under normal use
- 1.2 An identity which does not change with use
- 1.3 A unit or system which makes formal accountability practical
- 1.4 Are usually repaired, not replaced when damaged

**Individually ordered and assembled items that collectively constitute a unit of equipment will be capitalized.

2. BUILDINGS AND LEASEHOLD IMPROVEMENTS

Any building acquisition or leasehold improvement cost will be capitalized and inventoried. Routine building maintenance will not be capitalized.

Canadian Institute of Chartered Accountants standards will apply in the capitalization of leasehold improvements.

3. LAND AND SITE IMPROVEMENTS

Land acquisitions will be capitalized and inventoried on a per parcel basis. Any site improvements to our lands will also be capitalized and inventoried on a per project and parcel basis.

4. SOFTWARE

Software acquisitions over \$50,000 will be capitalized and inventoried.

5. AMORTIZATION

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	25 to 40 years
<i>Portable Buildings</i>	25 years
<i>Brick Buildings</i>	40 years
Site Improvements	25 years
Furnishings and Equipment	5 to 15 years
<i>Computers</i>	5 years
<i>Furniture</i>	10 years
<i>Science Equipment</i>	15 years
Vehicles	5 years
Library Materials	10 years
Leasehold Improvement	5 years
Software	5 years