



## POLICY 6600

### CAPITALIZATION AND CONTROL OF ASSETS

Policy Category: Finance and Business Services  
Area of Administrative Responsibility: Finance  
Board of Trustees Approval Date: March 21, 2017  
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Amendment History: N/A

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## PURPOSE

This policy outlines in general terms the distinction between capitalized and capitalized plant and equipment acquisitions. Plant is generally divided into three categories: land and land improvements, buildings and building improvements and infrastructure. Equipment may be vehicles, technology (computers) and library books.

## SCOPE

This policy is effective throughout the College.

## POLICY

### A. Authority:

Capitalization methods and life expectancies have been promulgated by Government Accounting Standards Board (GASB) Statements Nos. 34 and 35 and by the State University of New York (SUNY) on behalf of the community colleges. Pursuant to Title 8 NYCRR 6035(c), title to real property is vested with the sponsor (county) and dedicated for use by the college.

## B. Capitalized Expenditures:

## 1. Land:

- a. New acquisitions of land are to be recorded at cost. Donations of land to the College shall be valued by an appraisal which is generally based on the fair market value at the date of the gift.
- b. Land is not depreciated.

## 2. Buildings and Building Improvements:

- a. Building improvements that add square footage to a building are capitalized.
- b. Major replacements or renovations of a building, which extend its original life and/or enhance the value to the College, are to be capitalized.
- c. Examples of building costs which are generally considered to be capital expenditures include:
  - i. Demolition costs and preparation of the site
  - ii. Cost of building materials
  - iii. Contractor/construction costs
  - iv. Architect or consultant fees
  - v. Building permits
  - vi. Subcontract fees
  - vii. Payment of rented equipment to complete the construction
  - viii. Operating and maintenance costs for equipment used in the construction
  - ix. Costs of supplies consumed in construction
- d. Building renovations or rehabilitation

A building renovation or rehabilitation is defined as enhancements made to a previously existing building or building component and must extend the useful life or capacity of the asset (building).

## 3. Land Improvements and Infrastructure:

- a. Land improvements include such items as excavation, infrastructure utility installation, driveways, sidewalks, parking lots, flagpoles, fencing, outdoor lighting and other non-building improvements intended to make the area ready for its intended purpose or improve upon the area and enhance its condition.

- b. Land improvements can further be categorized as ~~non~~exhaustible and exhaustible.
  - i. Land improvements that do not deteriorate ~~with~~ ~~the~~ passage of time are additions to the cost of land are generally not exhaustible, and therefore are not depreciable.
- c. Infrastructure assets are defined as ~~long~~ ~~lived~~ capital assets that normally are stationary in nature and normally can be preserved ~~for~~ ~~a~~ significantly greater number of years than most capital assets. Examples of

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3. Library Books

College policy is for library books to be capitalized at a price of \$5.00 per book purchased during the fiscal year with ~~the~~ difference (actual cost less capitalization amount) remaining as an operating expense for the year.

4. Useful Lives

Useful lives of fixed assets ~~was~~ part of a comprehensive analysis of implementing GASB Statements 34 and 35 by SUNY and the NYS Community College Business Officers Association (CCBOA) in 2000. At that time, a resolution was passed for all 30 community colleges to uniformly adopt ~~the~~ useful lives for fixed assets ~~as promulgated~~. It should be noted that the useful lives as contained in SUNY ~~¶~~ *Capitalization Policy and Depreciation Policy for Capital Assets* (dated July 1, 2011) differ slightly from those asset lives as approved by CCBOA resolution for the community colleges.

The following schedule details the useful lives as contained ~~in the~~ SUNY policy manual and the CCBOA resolution:

<u>Capital Component</u>	<u>Useful Life as Per SUNY</u>	<u>Useful Life as Per CCBOA</u>
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D. Donated Assets:

Fixed assets acquired by gift, donation, or payment of a nominal sum not reflective of the