

BLINN COLLEGE DISTRICT ADMINISTRATIVE REGULATIONS MANUAL

SUBJECT: *Capital Asset Guidelines*

EFFECTIVE DATE: May 3, 2007; amended March 3, 2022, and July 26, 2024

BOARD POLICY REFERENCE: CAK

PURPOSE

To establish the definition of fixed assets and the guidelines for capitalization.

DEFINITION OF CAPITAL ASSETS

Fixed assets are items of property that are tangible in nature, have an economic useful life greater than one year, are not repair or supply items, and have a significant value. They are not intentionally acquired for resale nor are they readily convertible to cash.

Intangible assets are fixed assets to be used over the long term, but they lack physical existence. Examples of intangible assets include but are not limited to: goodwill, copyrights, trademarks, intellectual property, and rights of use.

ASSET CLASS GROUPS

- Land
- Land Improvements
- Buildings and Buildings Improvements
- Computer Equipment
- Furniture, Equipment, and Vehicles
- Telecommunications and Peripheral Equipment
- Library Books
- Collections
- Intangible Assets

CAPITALIZATION THRESHOLDS

All capital assets acquired by Blinn College District shall be capitalized in accordance with the following guidelines.

1. Property with a purchase cost of \$5,000 or more and have an economic useful life greater than one year, will be inventoried and capitalized.
2. Property with a purchase cost of less than \$5,000 shall not be inventoried or capitalized, except for technology related equipment, vehicles, and firearms, which are to be annually inventoried, but not capitalized.
3. Technology based assets will be tracked and inventoried and are the sole responsibility of the Department of Information Technology. Firearms will be tracked and inventoried and are the sole responsibility of the Blinn College District Police Department. Other assets costing more than \$5,000 shall be identified and tagged by the Accounting Department and inventoried in an appropriate database by the Accounting Department.
4. Intangible right-to-use assets purchased under subscription-based information technology arrangements (SBITAs) with a total cost greater than \$100,000 should be capitalized. The agreement must meet the definition of a SBITA as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 96.

5. Capital assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant should be capitalized. Computers, classroom furniture, and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significant collectively. Assets purchased in aggregate with a purchase cost of \$2,500,000 or greater should be capitalized.