

## CAPITAL ASSET ACCOUNTING POLICY

Board of Governors for Higher Education  
State of Rhode Island

Adopted: 11/29/01 (BG)

Amended:

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### PURPOSE

To establish minimum guidelines for accounting for all capital assets owned by the Board of Governors for Higher Education (RIBGHE) and held in the custody of the three public institutions of higher learning: the University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI).

### POLICY

The three public institutions of higher learning will maintain adequate and consistent policies, procedures, and accounting records for all capital assets in accordance with applicable Governmental Accounting Standards Board (GASB) Statements, U.S. Office of Management and Budget (OMB) regulations and guidelines, and State regulations and guidelines.

### PROCEDURES

Policy, procedure, and accounting protocols will be coordinated across the system of public higher education by the Associate Commissioner of Finance and Management to assure consistency in financial reporting. Each institution may expand upon the minimum requirements set forth in this policy to accommodate its own operating environment. However, any deviations or waivers from the minimum requirements set forth in this policy must be approved beforehand by the Associate Commissioner of Finance and Management.

Capital assets are generally high value assets used in operations and having a useful life of more than one year. Capitalization values for various categories of capital assets are listed below:

- Land (any dollar value)
- Improvements to land (with a value of \$50,000 or more)
- Easements (valued at \$50,000 or more)
- Buildings (valued at \$50,000 or more)
- Building improvements (valued at \$50,000 or more)
- Leasehold Improvements (valued at \$50,000 or more)
- Vehicles (valued at \$5,000 or more)
- Machinery and Equipment (valued at \$5,000 or more)
- Works of art and historical treasures (valued at \$5,000 or more)
- Computer Software for internal use (valued at \$5,000 or more)

- Infrastructure (valued at \$50,000 or more)

Institution policies and procedures will include a description of:

- Capitalization requirements for fixed assets
- Accountability for capital assets, e.g., record keeping, physical inventory, and reconciliation requirements
- Construction in progress procedures, including close-out and final acceptance
- Transfer and disposal procedures
- Depreciation methodology. Required practice is straight line depreciation with a mid-year convention based on asset lives: published by the State Controller of other authoritative third parties, e.g., National Association of College and University Business Officers (NACUBO), or developed by the institutions from actual asset data.
- Accounting requirements for capital asset additions, transfers, disposals, and depreciation

Capitalization policies will be disclosed in the footnotes to the individual institution's financial statements as required by the GASB.

Accounting records will provide adequate information for each individual capital asset. Adequate information will include the following data elements, as applicable:

- Capital asset sub-category, e.g., buildings
- Description of the capital asset
- Identification and/or serial number
- Location
- Source of acquisition
- Date of acquisition
- Cost of acquisition
- Depreciation methodology
- Depreciation charges
- Accumulated depreciation
- Net book value

Accounting records will be kept in a current and professional manner. Subsidiary ledgers will be reconciled to control accounts periodically but no less than annually. More frequent reconciliations are encouraged. Physical inventories or equivalent cycle counts will be performed, valued, and reconciled to control accounts at least once every three years. Authorization to use cycle count procedures in lieu of complete physical inventories must be obtained in advance from the Associate Commissioner of Finance and Management.