

CAPITALIZATION  
THRESHOLD

~~The capitalization threshold for fixed assets shall be \$5,000. Fixed assets shall be tracked for items equal to or greater than \$2,000, and items valued at less than \$5,000 shall be inventoried but not capitalized.~~ The capitalization thresholds for fixed assets at Galveston College shall be consistent with the recommendations and requirements of the Texas Comptroller's State Property Accounting (SPA) Process Users Guide.

<u>Asset Class</u>	<u>Capitalization Threshold</u>
Land / Land Improvements	Capitalize All
Building and Building Improvements*	\$100,000
Facilities and Other Improvements*	\$100,000
Infrastructure (Depreciable)*	\$500,000
Furniture, Equipment, and Vehicles	\$10,000
Library Books (Collections)	Capitalize All
Works of Art / Historical Treasures	Capitalize All
Computer Software (Purchased)	\$100,000

*\*Improvements are expenditures that materially increase the usefulness of the asset, enhance its efficiency, or prolong the useful life of the asset.*

Controlled Assets

Controlled assets are assets that must be secured and tracked. A controlled asset's value is below the capitalization threshold and is not depreciated or reported on the balance sheet. Controlled assets include assets with an individual acquisition cost of greater than \$2,000 and less than \$9,999.99. Computer equipment and other designated items, regardless of cost, shall be tracked and secured in accordance with College District asset control procedures.

ACCOUNTING  
INVENTORIES

CDB  
(LOCAL)

DEPRECIATION AND  
USEFUL LIVES

The College District shall use the straight-line method of depreciation. Assets shall be grouped into the categories listed below and depreciated as detailed in CDB (REGULATION):

1. Buildings;
2. Facilities and Other Improvements;
3. Furniture, Machinery, Vehicles, and Other Equipment;
4. Telecommunications and Peripheral Equipment; and
5. Library Books.

WORKS OF ART AND  
HISTORICAL  
TREASURES

Donations of works of art, historical treasures, and similar assets shall be recognized as revenues in accordance with GASB Statement No. 33.

Whether donated or purchased, collections of works of art, historical treasures, and all additions thereto shall also be capitalized if they meet all of the following conditions:

1. The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain;
2. The collection is protected, kept unencumbered, cared for, and preserved; and
3. The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collection.

ADDITIONS,  
DISPOSALS, AND  
DELETIONS

The College District shall follow generally accepted accounting principles (GAAP), including applicable GASB statements, when accounting for additions, disposals, and deletions of fixed assets.