

FERRIS STATE UNIVERSITY

DIVISION OF ADMINISTRATION AND FINANCE

FIXED ASSET CAPITALIZATION Administration and Finance Business Policy

Policy Number: 2024:02
Supersedes: 2001:04

POLICY STATEMENT

The University capitalizes the original cost of equipment purchases and gifts in kind in the normal course of operations as required by GAAP (Generally Accepted Accounting Principles). The original cost capitalized is depreciated over its estimated useful life. This policy establishes the minimum value threshold for capitalization.

SCOPE

Assets acquired by the University. The University capitalizes assets that cost \$25,000 and greater except grant funded purchases. See grant policies for more information.

PROCEDURE FOR CAPITALIZATION

The University will use the Financial System (Purchasing, Accounts Payable and Financial Accounting modules) to identify the original cost of assets acquired by the University. Once an item is identified to be capitalized, an asset record will be established in the Fixed Assets System. The system will record all accounting entries for capitalization, cost changes, depreciation, and disposals.

The Associate Vice President for Finance determines a value that conforms to the Universities objectives while remaining in compliance with applicable pronouncements of FASB (Financial Accounting Standards Board) and GASB (Governmental Accounting Standards Board) and other regulatory agencies.

CONTACTS

For more information, please contact the following departments:
Associate Vice President for Finance

Amanda Matheson,
Vice President for Administration & Finance

**Ferris State University
Equipment Transactions Form**

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