



# Asset Capitalization Policy

Effective: January 1, 2001  
Revised: January 1, 2005

The following are responsible for the accuracy of the information contained in this document: Controller  
Responsible Department: Finance

## Reason For Policy

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To establish criteria for reporting capital assets on the financial statements in conformity with generally accepted accounting principles.

## Policy

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The capitalization threshold for all capital assets is no less than \$5,000.

Due to the nature of some infrastructure projects, the following additional thresholds were defined:

Property Services Project Costs greater than \$35,000

Bike Paths, Signage and Street Lighting annual purchases greater than \$35,000

Parking Meters annual purchases greater than \$100,000

Land, regardless of the value.

This policy is retroactive to January 1, 2001.

## Cost

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Cost normally includes all expenditures that may be necessary to put an asset in condition for use in its intended location.

## Useful Life

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Estimated useful lives for assets are:

Infrastructure	15 to 100 years
Structures and Improvements	25 to 50 years
Equipment	3 to 15 years
Public Improvements	20 to 40 years

Catalog codes within the City's electronic capital asset system have further defined estimated useful lives by type of asset.

## Betterment

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To qualify as betterment in the capital assets inventory, the cost must be at least \$5,000, AND the addition/improvement must meet at least one of the following criteria:

1. Increases the useful life of the asset.
2. Increases the quantity of units produced from the asset.
3. Enhances the quality of the units produced from the asset.

## **Maintenance**

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Expenses to maintain equipment are not capitalized. Instead, such items are recorded directly as expenses of the accounting period. See capital asset procedure for further clarification of types of expenditures to be expensed.

## **Retirement and Exchange**

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All capital assets will be examined with respect to condition, efficiency of use, and technological obsolescence during each year-end physical inventory process. Items that are determined to be obsolete, excess, or not being used efficiently will be entered, reported and disposed of in accordance with the capital asset disposition procedures approved by the City Council (98-Or-117, approved 10.16.1998).