AGENDA ITEM____

Board Policy No. 5602 Fixed Asset Capitalization and Depreciation Policy

RECOMMENDED DIRECTIVE: The Board of Regents approves replacing the existing text of BP 5602, Depreciation, in its entirety with the proposed Fixed Asset Capitalization and Depreciation Policy, subject to expressly retaining the $500 property accountability threshold in the final policy text.

DISCUSSION:

The current BP 5602, adopted on 28 August 1996, addresses depreciation and estimated useful lives. The proposed revision expands it into a policy on fixed asset capitalization and depreciation. The table identifies the changes from the current policy and the clarification requested for the final text.

Board Policy	Amendments or Deletions	Remarks
Title and scope	• Replace the existing text of BP 5602, Depreciation, in its entirety with the proposed Fixed Asset Capitalization and Depreciation Policy. Add a purpose statement and College-wide scope.	Extends coverage to acquisition, recording, and management of fixed assets.
Capitalization threshold and costs	• Add a $3,000 threshold for individual machinery, equipment, and motor vehicles. Measure it using qualifying acquisition costs, including freight and installation.	Current BP 5602 sets no dollar threshold. Retain $500 for property tagging and inventory. Covered items from $500 to below $3,000 are expensed and tracked.
Estimated useful lives	• Consolidate equipment categories into a five-year equipment category. Remove the separate seven-year communications and eight-year furniture and office equipment entries.	Confirm the intended treatment of those categories. Straight-line depreciation and the exclusion of land continue.
Improvements and transition	• Add Business Office documentation for qualifying improvements. Remove the legacy	Prospective adjustment of depreciation for qualifying improvements continues.

	depreciation rule for National Campus assets purchased before FY 1994.	
Responsibilities and controls	• Add responsibilities for the Business Office, Comptroller, Procurement, requesting offices, and Accounts Payable. Require supporting records and reconciliation to the general ledger.	Align with related capitalization and property accountability policies.

ACTION TAKEN: **VOTE:**

_____ Approved as presented _____aye _____nay
_____abstain

_____Approved w/ modifications

_____Disapproved

_____Deferred to a later meeting **DATE:** _____