



**ASSET MANAGEMENT
POLICIES, PROCEDURES AND FORMS**

AUTHORITY				
Federal	Rev. Statutes	Admin Code	HCS D	HSC
CITATION:	Guide for Capitalization and Depreciation of Capital Assets Prepared by the Office of Statewide Reporting and Accounting Policy			
PROCEDURE NAME:	Capitalization and Depreciation of Capital Assets			
PURPOSE:	To provide guidelines for capitalization and depreciation of capital assets			

RESPONSIBLE PERSON	ACTION STEPS
1. Property Manager and HCS D Asset Management	<p>Capital assets are defined as movable property, land, land improvements, buildings, building improvements, leasehold improvements, infrastructure, historical treasures and works of art, and all other tangible or intangible assets that are used in operations that have initial useful lives that extend beyond a single reporting period.</p> <ul style="list-style-type: none"> ▪ These assets should be reported at historical cost ▪ This cost includes any charges incurred to place the asset into service ▪ Donated assets should be reported at their estimated fair value at the date of donation ▪ The straight-line method of depreciation should be used (Cost / useful life) ▪ A full year of depreciation should be taken for assets placed into service or disposed ▪ Salvage value should not be included in the depreciation calculation



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Capitalization Threshold Levels and Useful Lives for Capital Assets

*Guidelines provided by OSRAP. Refer to the American Hospital Association’s (AHA) Estimated Useful Lives of Depreciable Hospital Assets to validate the useful life for LSU-HSC. If the AHA lists a different useful life than OSRAP, HCSD is obligated to apply the useful life as elected by AHA.

Capital Asset	Threshold	Useful Life
Moveable Property (not including computer software)	\$5,000	Varies – See table*
Computer Software Purchased or Developed for Internal Use	\$1,000,000	3 Years*
Buildings & Improvements	\$100,000	40 Years*
Leasehold Improvements	\$100,000	Lesser of 20 or 40 years or lease term*
Land and Nondepreciable Land Improvements	N/A – Capitalize All	No useful life assigned for inexhaustible assets*
Depreciable Land Improvements	\$100,000	20 Years*
Infrastructure	\$3,000,000	40 Years (Preliminary)*
Historical Treasures & Works of Art	N/A	No useful life – inexhaustible*



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Description of Asset and Examples Useful Life

Movable Property

Office furniture & fixtures Examples: desks, file cabinets, safes	10*
Computers & peripheral equipment Examples: hard drives, printers, monitors, keyboards, disc drives, scanners	5*
Computer software developed or purchased for internal use (costs that may be capitalized include those incurred during configuration, interfacing, coding, installation, conversion of old data, and testing such as parallel processing)	3*
Office machinery & equipment other than computers: Examples: typewriters, calculators, adding machines, copiers and other duplicating equipment	6*
Medical equipment	5*
Automobiles	5*
Light general-purpose trucks (< 13,000 lbs.)	5*
Heavy general purpose trucks (13,000 lbs. or more)	6*
Trailers and trailer mounted containers	6*
/Over-the-road tractor units	4*
Assets used in research and experimentation	12*
Printing and publishing equipment	11*
Construction equipment	6*



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Description of Asset and Examples Useful Life

Telephone central office equipment
Examples: central office switchboards and related equipment 18*

Buildings and Improvements

Buildings and improvements other than those listed below 40*

Farm buildings other than single purpose structures
Examples: Houses, barns, garages, warehouses 25*

Depreciable Land Improvements

Land improvements that are depreciable & other improvements other than buildings
Examples: sidewalks, paths and trails, sprinkler systems, fences & gates, landscaping, fountains, and beaches that are not considered infrastructure (see infrastructure below) 20*

Infrastructure

Examples: highways, roads, bridges, tunnels, sidewalks, curbs, gutters, street signage, street lamps, traffic signals, drainage systems, water and sewer systems, lighting systems, railroad tracks, trestles, canals, waterways, spillways, locks, dams, levees, seawalls, lakes/reservoirs, water bottoms, beaches, boat ramps, boat docks, piers, wharfs, boardwalks, radio or television towers, airport runway/taxiway 40*