

Cameron County Capital Assets & Depreciation Guidance Based on GASB Statement # 34

October 9, 2002

Chapter 1. Capital Assets Definition and Guidelines

1) Capital Assets Definition.

Capital assets are defined as property belonging to Cameron County. Items meeting following criteria are recorded on the fixed asset record system:

- a) Have an estimated useful life of greater than one year.
- b) Items with a cost of five hundreds (\$500.00) dollars or more.
- c) Tangible in nature.

Examples of capital assets that are used in the County's operation include the following major categories:

- a) Land, land improvements
- b) Buildings, building improvements
- c) Improvements other than buildings
- d) Construction in progress
- e) Machinery and equipment
- f) Vehicles
- g) Infrastructure
- h) Easements (only paid for easement)
- i) Works of art and historical treasures.

2) Capital Asset Classification

Assets purchased, constructed or donated that meet or exceed the County's established capitalization threshold and useful life requirements must be uniformly classified utilizing the county auditor's account structure and the corresponding capital asset code structure. A list of current class code structure for the capital assets is available through Auditor's Office Fixed Asset System.

3) Capitalization Threshold for Cameron County (GASB Governmental Entities with Revenues between \$10 and \$100 million)

Tracking and Inventory	Capitalize and Depreciate
Land \$1	Capitalize only
Land Improvements \$1	\$25,000
Building \$1	\$50,000
Building Improvements \$1	\$50,000
Construction in Progress \$1	Capitalize only
Machinery and Equipment \$1,000	\$5,000
Vehicle \$1,000	\$5,000
Infrastructure \$50,000	\$250,000

4) Capital Asset Cost or Acquisition Value

Capital Assets should be reported at their acquisition or historical cost which include the vendor's invoice cost, sale tax, initial installation cost (excluding in-house labor), modifications, attachments, accessories or any other item necessary to make an asset usable and render it into service. Capitalization cost also includes the cost of freight, site preparation, architect and engineering fees, etc.

If something other than cash is used to pay for the asset, then the fair-market value of the non-cash payment or consideration determines the asset's cost or acquisition value. When the value of the consideration paid can't determine, the asset's fair-market value determines its cost.

In the event of a trade-in, the County's net book value of the asset being traded will be added to the purchase price of the asset. For example:

Purchase price	\$10,000
Net book value of trade-in	<u>5,000</u>
Cost of new asset	\$15,000

5) Capital Asset Donations.

Donations are defined as voluntary contributions of resources to a governmental entity by a nongovernmental entity. Donations may occur for any asset category.

County departments must follow the Cameron County Fixed asset procedure manual before accepting donated property. In general, the following information must be send to the County auditor and the Purchasing Agent:

- a) The date the asset is placed into service
- b) The asset's fair market value
- c) The asset estimated useful life
- d) Any ancillary charges required placing the asset into service
- e) If the asset is part of a network or subsystem of a network (ex.
- f) Infrastructure)

Once accepted by Commissioners' Court, donated capital assets are reported at fair value at the time of acquisition plus ancillary charges, if any. Fair value is the amount at which an asset would be exchanged in a current transaction between willing parties.

If the County receives a donation of a capital asset and intends to sell the asset immediately, revenue must be recognized. In these cases the receiving County office must provide supporting documentation regarding the sale or contract-to-sale to the County Auditor. This will allow determining when revenue should be recognized.

In some cases, donated capital assets are given with the stipulation that the asset cannot be sold, disbursed or consumed until a specified number of years have passed or a specific event has occurred. For such cases, the capital asset should be reported as "net Assets - Restricted" as long as the restrictions or time requirements remain in effect. The receiving County office should provide the County Auditor with any such restrictive stipulations.

6) Capital Leases.

Buildings, equipment or other assets leased by the County should be capitalized if the lease agreement meets any one of the following criteria:

- a) The lease transfers ownership of the property to the lessee by the end of the lease term.
- b) The lease contains a bargain purchase option.
- c) The lease term is equal to 75 percent or more of the estimated economic life of the leased property.
- d) The present value of the minimum lease payment at the inception of the lease, excluding executory costs, equals at least 90 percent of the fair value of the leased property.

Lease that do not meet any of the above requirements will be recorded as operating leases.

County Offices should notify the County auditor when potential capital leases are being developed to ensure that leases are recorded as required by generally Accepted Accounting Principles. When a capital lease is involved, County offices must provide the County Auditor with the same information regarding the asset as with any other asset acquisition.

7) Depreciating Capital Assets.

- a) Depreciation method

Straight-line Depreciation Method is used by Cameron County

The straight-line method is the simplest and most commonly used for calculating depreciation. It can be used for any depreciable property. Under the straight-line depreciation method, the basis of the asset is written off evenly over the useful life of the asset. The same amount of depreciation is taken each year. In general, the amount of annual depreciation is determined by dividing an asset's depreciable cost by its estimated life. The asset in-service date is also depreciation date.

The total amount depreciated can never exceed the asset's historic cost less salvage value. At the end of the asset's estimated life, the salvage value will remain. For example, a \$12,000 copier is placed in service on March 16, 2000. It has an estimated life of five years and a salvage value of \$2,000. The depreciation calculation for the straight-line method would be:

Original cost	\$12,000
Salvage value	2,000
Adjusted basis	\$10,000
Estimated life	5
Depreciation per year	\$ 2,000

b) Estimated Useful Life.

An asset must have an estimated useful life greater than one reporting period to be considered for capitalization and depreciation. Assets that are consumed, used-up, habitually lost or worn-out in one year or less should not be capitalized.

Estimated useful life means the estimated number of months or years that an asset will be able to be used for the purpose for which it was purchased. In determining useful life, governmental entities should consider the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service demands. The example of Suggested Useful Lives table:

Capital Assets of Local Governments Suggested Useful Lives Depreciable Life

Asset Type	Examples in years
Non-Infrastructure	
Furniture, office equipment Desks, tables, chairs	5
Computer Hardware Monitors, CPU, printer	5
Telephone Equipment	10
Motor Vehicles	
Cars and light trucks	5
Busses School, City	8-10
Fire trucks	15
Buildings - Temporary T-buildings, other portable	25
Buildings	40
HVAC Systems Air-conditioners, ventilation systems	20
Roofing	20
Carpet Replacement	7
Electrical\Plumbing	30
Kitchen Equipment Appliances	12
Heavy Construction Equipment Backhoes, Trucks, Dozers, front-end loaders, Large Tractors	5-10
Engineering, Scientific Equipment Lab Equipment	10
Firefighting Equipment Ladder, hoses	10
Police Special Equipment	10
Medical Equipment	5
Traffic Control Equipment Stoplights	10
Radio, communications equipment Mobile, portable radios	10
Recreational\ Athletic Equipment Weight machines, Mats, golf carts, treadmills, tackling sled, pitching machines	10
Library Books Collections	5-7
Artwork Collections	5-7

Outdoor Equipment Playground equipment,	
Scoreboards, bleachers, radio towers	20
Custodial Equipment Floor scrubbers, vacuums, other	12
Grounds Equipment Mowers, tractors and attachments	15
Land Improvements - structure Parking lots, sidewalks,	
Bus ramp, fencing, running track,	20
Land Improvements - Groundwork Golf Course, park-landscaping	30
Landfill Disposal Systems	25
Land	no depreciation
Sewerage treatment plants	25

Asset Type	Examples in years
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Infrastructure

Easements	no depreciation
Drainage Systems	25
Water systems	25
Sewerage disposal Works System	25
Waterway Levees and canals (unlined)	no depreciation
Canal lining	30
Concrete	50
Steel, Sheet pile	30
Earthen embankment	no depreciation
Roads	
Paved	40
Asphalt - rural	40
Asphalt - urban	20
Non-paved	50

c) Residual or Salvage Value.

The salvage value of an asset is the value it is expected to have when it is no longer useful for its intended purpose. In other words, the salvage value is the amount for which the asset could be sold at the end of its useful life. This value can be based on:

- (1) General guidelines from some professional organizations such as GFOA, ASBO, etc.
- (2) Information from other governmental entities,
- (3) Internal experience
- (4) Professionals such as engineers, architects, etc.

8) Transfer of Fixed Assets.

Transfers are defined as any movement of an asset by virtue of change in location. Transfers can occur between different departments. Fixed asset transfer requires authorization of the affected department heads. Loan or permanent movement can transfer assets. Each type of transfer is explained further below.

A loan occurs when a fixed asset is being used temporarily by a department other than the department having responsibility for the asset. In the event of the loan, the departments involved must complete Fixed Asset transfer Form and forward it to the Auditors' Office prior to physical movement of the asset. In the event of a loan, an asset will remain listed under the loaner department.

The permanent movement of an asset between departments is reported by the completion of the fixed Asset transfer Form. The departments involved in transfer must complete Fixed Asset transfer Form and forward it to the Auditors' Office before an asset is physically moved.

9) Sale, Disposal, or Retirement of Fixed Assets

The Commissioner Court of Cameron County prior to disposal must approve all disposals of fixed assets. After approval a completed Fixed Asset Transfer Form must be submitted to Auditor's Office. Once the asset is sold, the disposal is entered into Fixed Asset System.

Fixed assets may be disposed in following ways:

(1) Auction

This is defined as the sale of surplus or obsolete assets that have been inspected by other departments for possible use and are now being held for sale in the surplus storage. This is the most common form of fixed assets disposal for Cameron County. The Auditor's Office removes fixed assets tags prior to sale, prepares a revenue allocation worksheet by fund, and disposes fixed assets in Fixed Assets System. To dispose of assets sold at the auction in the fixed asset system, the Auditor's Office uses the auction list previously approved by the Commissioner's Court. This serves as an authorization to remove the assets from the record system.

(2) Stolen

This is defined as fixed assets removed from a location without permission.

(3) Donation

This is defined as donation of assets to other person or agencies. A copy of the minutes of the Commissioner Court meeting approving the donation of Cameron county fixed asset is required.

(4) Sale other than auction.

This is defined as an individual sale other than auction of fixed assets. For example, the sale of piece of equipment to another government agency.

The Auditor's Office is notified prior to sale. The Commissioner Court approval is required.

(5) **Dismantling.**

This is defined as the breakdown of fixed assets for alternate use. For example, a lawnmower is dismantled for parts. The accounting division is notified prior to the dismantling.

(6) **Trade-in.**

This is defined as assets traded for other assets. Since the trade-in is equal to the disposition of a fixed asset, the Commissioner's Court approval is required. The accounting division is notified prior to the trade-in.

(7) **Assets Held in Trust.**

Capital assets held by the County on behalf of a non-county entity and under temporary control of the County should be recorded as "assets held in trust" until returned to owners. This includes assets owned by the federal government that have been loaned to the County. This also includes assets purchased with federal or state grant funds in which the asset remains the property of the granting agency.

(8) **Controlled Assets**

Controlled assets are those assets below the capitalization threshold that have been identified by the Auditor's Office in accordance with County policy that must be secured and tracked on Fixed Asset System due to the nature of the items. Examples of the most common controlled assets include but are not limited to: personal computers, monitors, VCR's, cellular phones, printers, etc.

(9) **Responsibility.**

Department heads have a direct responsibility of all fixed assets purchased for, assigned to or otherwise provided to their department. This includes the legal and ethical obligation of their staff to provide sufficient care and safekeeping of fixed assets. Custodial responsibility obligates the department to give reasonable protection against theft, vandalism, misuse, and destruction of assigned fixed assets. Department heads will be given an annual report containing fixed assets assigned to their departments. It is the responsibility of the Department Heads to review this report and verify the accuracy of the report. If any of the assets on the report is not in the department, it is the departments' responsibility to notify the Auditor's Office immediately. Fixed assets are not to be removed from assigned location without the permission of the department head.

Chapter 2. Capital Assets Categories – Buildings and Building Improvement

1) Building definition.

A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. Buildings that are an ancillary part of the County's road system, such as rest area facilities will be reported as infrastructure rather than as building.

2) Building Improvement Definition

A building improvement materially extends the useful life, increases the value, adds capacity, or increases efficiency of the building. A building improvement should be capitalized.

3) Depreciation

Building and building improvements are depreciable assets. See 'Depreciating Capital Assets' in Chapter 1.

Buildings designated as 'historical' by the Texas Historical Commission are not depreciated unless used in the operations of the County. However, any improvements not deemed 'historical' by the Texas Historical Commission are depreciated the same as any other improvement made to the building.

4) Capitalization Threshold

The capitalization threshold for buildings improvements constructed, purchased, or donated is \$5,000. Examples of expenditures to be capitalized as buildings:

Purchased buildings:

- a) Original purchase price
 - (2) Expenses for remodeling, reconditioning or altering a purchased building to make it ready to use for the purpose for which it was acquired if it extends the useful life, increases value, adds capacity or increases efficiency of the building.
 - (3) Environmental compliance (ex. asbestos abatement)
 - (4) Professional fees

- (5) Payment of unpaid or accrued taxes on the building to date of purchase
- (6) Cancellation of buyout of existing lease
- (7) Other cost required to place or render the asset into operation

Constructed buildings:

- (1) Interest accrued during construction
- (2) Cost of excavation or grading or filling of land for a specific building
- (3) Expenses incurred of the preparation of plans, specifications, blueprints, building permits, etc.
- (4) Professional fees
- (5) Cost of temporary buildings used during construction
- (6) Additional cost such as rock blasting, piling, or relocation of the channel of an underground stream
- (7) Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building
- (8) Additions to buildings (expansions, extensions, or enlargements)
- (10) Built-out of interior spaces to specifications

Building improvements:

- (1) Conversion of attics, basements, etc., to usable office, clinic, research or classroom space
- (2) New structures attached to the building such as covered patios, sunroom, garages, carports, enclosed stairways, etc.
- (3) Installation or upgrade of heating and cooling systems, including ceiling fans and attic vents
- (4) Original installation/upgrade of wall, ceiling, or floor covering such as carpeting, tiles, paneling, or parquet
- (5) Structural changes such as reinforcements of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or interior framing
- (6) Installation or upgrade of window or door frame, upgrading of windows or doors, built-in closet and cabinets
- (7) Interior renovation associated with casings, baseboards, light fixtures, ceiling trim, etc.
- (8) Exterior renovation such as installation or replacement of siding, roofing, masonry, etc
- (9) Installation or upgrade of electrical system
- (10) Installation or upgrade of phone or closed circuit television systems, networks, fiber optic cable, wiring required in the installation of the equipment (that will remain in the building)
- (11) Other costs associated with the above improvements

For a replacement to be capitalized, it must be a part of a major repair or rehabilitation project that increases the value, and/or useful life of the building. For example, renovation of the County Courthouse is included. A replacement may also be capitalized if the new item/part is of significantly improved quality

and higher value compared to the old item/part, such as a replacement of an old shingle roof with a new fireproof tile roof. Replacement or restoration to the original utility level would not be capitalized. Determination must be made on case-by-case basis. County departments should contact County Auditor prior to encumbering funds if there is uncertainty regarding proper capitalization under generally Accepted Accounting Principles.

Maintenance expenses:

The following are examples of expenditures that are not capitalized as improvements to buildings. These items should be recorded as maintenance expenses.

- (1) Adding, removing, and/or moving of walls relating to renovation projects that are not considered major rehabilitation projects and do not increase the value of the building.
- (2) Improvement project of minimal or no added life expectancy and/or value to the building
- (3) Plumbing or electrical repairs
- (4) Cleaning, pest extermination, or other periodic maintenance
- (5) Interior decoration, such as draperies, blinds, curtain rods, wallpaper
- (6) Exterior decoration such as detachable awnings, decorative fences
- (7) Maintenance-type exterior renovation such as repainting , replacement of deteriorating siding, roof, or masonry section
- (8) Maintenance-type interior renovation such as repainting , replacement of carpet, tile, or panel section, fixture refinishing.
- (9) Any other maintenance related expenditure which does not increase the value of the building

Chapter 3. Capital Assets Categories – Land and Land Improvement

1) Land Definition

Land is the surface or crust of the earth, which can be used to support structures, and may be used to grow crops, grass, shrubs, and trees. Land is characterized as having an unlimited life.

(9) Land Improvement Definition

Land improvements consists of earth moving and similar improvements, which ready land for its intended use. The costs associated with improvements to land are added to the cost of the land.

3) Depreciation

Land and land improvements are inexhaustible assets and do not depreciate over time. Inexhaustible assets have unlimited useful life.

4) Capitalization Threshold

All acquisitions, including donations, of land and land improvements will be capitalized. Examples of expenditures to be capitalized as land and land improvements:

- (1) Purchase price or fair market value at time of donation
- (2) Commissions
- (3) Professional fees
- (4) Land excavation, fill, grading, drainage
- (5) Demolition of existing buildings and improvements (less salvage)
- (6) Removal, relocation, or reconstruction of property of others (railroads, telephone or power lines)
- (7) Interest on mortgage accrued at date of purchase
- (8) Accrued and unpaid taxes at date of purchase
- (9) Other cost incurred in acquiring the land
- (10) Right-of-Way

Chapter 4. Capital Assets Categories – Improvements Other than Buildings

1) Improvements Other than Buildings Definition

Improvements Other than Buildings are capital assets, not specifically identifiable to an individual building, that reflect the cost of permanent improvements and add value to the property. Such improvement made to a facility or land should be capitalized.

2) Depreciation

Improvements Other than Buildings are depreciable assets. See 'Depreciating Capital Assets' in Chapter 1.

3) Capitalization Threshold

The capitalization threshold for Improvements Other than Buildings that are

constructed, purchased, or donated is \$5,000. Examples of expenditures to be capitalized as Improvements Other than Buildings:

- (1) Fencing and gates
- (2) Landscaping

- (3) Parking lots/driveways/parking barriers
- (4) Outside sprinklers systems
- (5) Recreation areas and athletic fields (including bleachers)
- (6) Golf courses
- (7) Paths and trail
- (8) Septic systems
- (9) Swimming pools, tennis courts, basketball courts, park pavilions

Chapter 5. Capital Assets Categories – Infrastructure

1) Infrastructure Definition

Infrastructures is a long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets.

2) Jointly Funded Infrastructure

Infrastructure paid for jointly by the County and other government entities should be capitalized by the entity responsible for feature maintenance
County departments responsible for infrastructure must provide the County Auditor and Purchasing Agent:

- (1) The date the asset was placed in service
- (2) The asset's cost or acquisition value
- (3) The asset's salvage value
- (4) The asset's estimated useful life
- (5) Whether the asset is a part of a network or a subsystem of networks

County departments should consult in advance with the County auditor when the County will pay for both partial ownership and partial maintenance of infrastructure assets. The County Auditor will determine the required accounting procedures.

3) Maintenance Costs

Maintenance cost allow asset to continue to be used during its originally established useful life. Maintenance costs are expensed in the period incurred.

4) **Preservation Costs**

Preservation costs are generally considered to be those outlays that extends the useful life of an asset beyond its original estimated useful life, but do not increase the capacity or efficiency of the asset. Preservation costs should be capitalized if the asset is depreciated.

5) **Additions and Improvements**

Additions and improvements are those capital outlays that increase the capacity or efficiency of the asset. A change in capacity increases the level of service provided by the asset. For example, additional lane can be added to a road, or the weight capacity of the bridge could be increased. A change in efficiency maintains the same service level, but at a reduced cost, for example, a computer controlled traffic signal that reduces servicing costs because it requires minimal servicing compared to older electro-mechanically controlled models. The cost of additions and improvements should be capitalized.

6) **Depreciation**

Infrastructure assets are depreciable assets. See 'Depreciating Capital Assets' in Chapter 1.

7) **Capitalization Threshold**

The capitalization threshold for infrastructure constructed, purchased, or donated is \$5,000. Examples of infrastructure assets:

- (1) Roads, streets, curbs, gutters, sidewalks, fire hydrants
- (2) Bridges
- (3) Waterways improvements such as dics, erosion control improvement
- (4) Dam, drainage facility
- (5) Radio or television transmitting tower
- (6) Electric, water and gas (main lines and distributing systems, between buildings)
- (7) Fiber optic and telephone distributing systems (between buildings)
- (8) Light system (traffic, outdoor, street, etc.)
- (9) Signage

Chapter 6. Capital Assets Categories – Machinery, Equipment, and Other Assets

1) Machinery, Equipment, and Other Assets Definition

Fixed or movable tangible assets used for operations of the County and benefit the County for more than one year from the date the asset first renders service. Improvements or additions to existing personal property should be capitalized if they materially increase the value, life, efficiency, or capacity of the asset. This category includes the following:

a. Machinery, Equipment, and Furniture

Machinery includes such items as bulldozers, cement mixers, and hoists. Equipment includes such items as automobiles, trucks, radios, computers, and safety items. Furniture and fixture includes desks, chairs, tables, service counters, lamps, and bookcases.

(2) Computer Software

The policy relating to the capitalization of computer software for the County needs to be updated

(3) Library books and reference materials of an academic, professional, or research library

A library book is an academic, professional, or research composition bound into a separate volume and identifiable as a separate copyright unit. Library reference materials are information sources other than books that include journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items which provide information essential to the learning process or which enhance the quality of academic, professional or research libraries. Some books have a cultural, aesthetic, or historic value, and efforts are usually applied to protect and preserve these assets in a manner greater than that for similar assets without such cultural, aesthetic, or historic value.

(4) Works of art and historical treasures.

Works of art and historical collections or individual items of significance that are owned by the County which are not held for financial gains, but

rather for public exhibition, education or research in furtherance of public service. These assets generally have to be capitalized at their historical cost (or estimated fair value at the date of donation), whether they are held as individual items or in collections.

2) Jointly Funded Machinery, Equipment, and Other Assets

Machinery, Equipment, and Other Assets paid for jointly by the County and other governmental entities should be capitalized by the entity responsible for feature maintenance. The county department responsible for feature maintenance must provide the County Auditor and Purchasing Agent with all information required to allow the asset to be recorded and depreciated according to GAAP. County departments should consult in advance with the County Auditor when the County will pay for both partial ownership and partial maintenance of a capital asset. The County Auditor will determine the required accounting procedures.

3) Depreciation

Machinery, equipment, and other assets above established threshold are depreciable assets. See 'Depreciating Capital Assets' in Chapter 1.

4) Capitalization Threshold

The capitalization threshold for machinery, equipment, and other assets constructed, purchased, or donated is \$5,000 and should include such costs as:

- (1) Freight charges
- (2) Handling and storage charges
- (3) Original contract and invoice price
- (4) In-transit insurance charges
- (5) Sales, use, and other taxes imposed on acquisition
- (6) Installation charges
- (7) Charges for testing and preparation for use
- (8) Cost reconditioning used items when purchased
- (9) Parts and labor associated with construction of equipment

Cost of extended warranties and/or maintenance agreements, which can be separately identified from the cost of equipment, should not be capitalized.

Chapter 7. Capital Assets Categories – Leasehold Improvements

1) Leasehold Improvement Definition

Leasehold improvement includes construction of improvements made to existing structures by the lessee, who has the right to use the improvement over the term of the lease. These improvements will revert to the lessor at the expiration of the

lease. Moveable equipment or office furniture that is not attached to the leased property is not considered a leasehold improvement. Leasehold improvements do not have a residual value. Leasehold improvements should be capitalized as a Building Improvement.

The County Department responsible of coordinating a leasehold improvement must provide the County Auditor with following information:

- (1) The date the improvement is placed in service
- (2) The cost of fair market value
- (3) The estimated useful life and the remaining life of the lease
- (4) Any ancillary charges required to place the improvement into service

2) Depreciation

Leasehold improvement are capitalized by the lessee and are amortized over the shorter of the remaining lease term or useful life of the improvement. Improvement made in lieu of rent should be expensed in the period incurred. If the lease contains the option to renew and the likelihood of renewal is uncertain, the leasehold improvement should be depreciated over the life of initial lease term or useful life of improvement, whichever is shorter. For depreciation method see 'Depreciating Capital Assets' in Chapter 1.

3) Capitalization Threshold

The capitalization threshold for leasehold improvement constructed, purchased, or donated is \$5,000

Chapter 8. Capital Assets Categories – Construction in Progress

1) Construction in Progress Definition

Construction in Progress includes the cost of buildings and other structures, infrastructure (roads, bridges, etc.), and capital related additions, alterations, reconstructions, and installations that are substantially incomplete.

2) Depreciation

Depreciation is not applicable while assets are accounted as Construction in Progress. When completed and placed in service, constructed assets are treated like any other asset.

2) Capitalization Threshold

Construction in Progress assets should be capitalized to their appropriate capital asset categories upon the earlier occurrence of substantial completion, occupancy,

or when the asset is placed into service.