

Office/Contact: Accounting Office

Source: South Dakota Bureau of Finance and Management Accounting Systems Procedures Manual
South Dakota Bureau of Finance and Management Fixed Assets System Procedures Manual
Accounting Policies and Procedures Manual

Link: <https://bfm.sd.gov/>

<http://mytraining.sdbor.edu/resources/Banner/Finance/AccountingPoliciesAugust2012.pdf>

SOUTH DAKOTA STATE UNIVERSITY
Policy and Procedure Manual

SUBJECT: Fixed Assets

NUMBER: 5:9

1. Purpose

This policy

Banner Finance Module For financial accounting and reporting purposes, the lease is a capital lease if:

- 1.

- iii. **Estimated Useful Life:** The estimated useful life means the estimated number of years that an asset will be able to be used for the purpose for which it was purchased or constructed. An asset must have an estimated useful life greater than one (1) year to be recorded in the Banner Financial Module. Assets that are consumed, used up, habitually lost, or worn out in one (1) year or less should not be recorded on the Banner Financial Module.
 - 1. The estimated useful life table by asset class code on the BFM Intranet site must be used by the University when determining an asset's useful life.
 - 2. Land and some land improvements always have ("0") for an estimated useful life, as land is a non-depreciable asset.
- iv. **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 estimated useful life.
 - 1. In adherence with the SBOR Accounting Policies and Procedures Manual for practicality and consistency purposes a zero ("0") salvage value for all capital assets is to be used.
- v. **Depreciation:** All capital assets, except land, are depreciated using the straightline method for depreciation. Under the straightline method for depreciation, the historical cost is expensed evenly over the estimated useful life of the asset. In general, the amount of depreciation is determined by dividing an asset's historical cost value by its estimated life. The total amount depreciated can never exceed the asset's historical cost. At the end of the asset's estimated life, the net book value should be zero ("0").
 - 1. Depreciation will be calculated using a full month convention. Under a full-month convention, property placed in service at any time during a given month is treated as if it had been placed in service on the first day of the month. This allows depreciation to be taken for the entire month in which the asset is placed in service. If the property is disposed of before the end of the estimated useful life, depreciation is allowed for the entire month of disposition.
- d. Only items that are valued at \$5,000 or greater will be used for financial reporting purposes when preparing Generally Accepted Accounting Principles (GAAP) financial statements, or the Statewide Comprehensive Annual Financial Report.

4. Responsible Administrator

The Vice President for Finance and Business is responsible for the annual and ad hoc review of this policy. The University President is responsible for approval of this policy.

SOURCE: Approved by President on 10/09/2014.