

## Appendix A - Capital Asset Categories with Capitalization Thresholds

Standard capitalization thresholds for capitalizing assets were established for each major class of assets. Per agreement with the airlines, the Airport is using a \$50,000 capitalization limit instead of its previous \$5,000 limit (starting 2023). All other agencies are required to use these thresholds.

Class of Asset	Threshold	Infor Ledger Accounts	Description
Land (non-depreciable)	\$0	16000 to 16006	All acquisitions of land are capitalized. Land and any related site preparation for building are considered inexhaustible assets and do not depreciate over time.
Construction in Process (non-depreciable)	\$10,000	16800 to 16805	Construction in progress (WIP) is the economic construction activity status for substantially incomplete capital assets. Depreciation is not applicable while assets are accounted for as WIP.
Land Improvements	\$10,000	16100 to 16104	Land improvements consist of site improvements (other than buildings). Land improvement may include such things as landscaping, parking lots, and other improvements to increase the usability of the land. Land improvements are depreciated over time.
Buildings & Building Improvements	\$10,000	16200 to 16202 & 16204 to 16209	<p>A building is defined as a structure that:</p> <ul style="list-style-type: none"> <li>Is permanently attached to the land and has a roof</li> <li>Is partially or completely enclosed by walls</li> <li>Is not intended to be transportable or moveable</li> </ul> <p>Buildings that are ancillary to infrastructure assets are reported as infrastructure rather than as buildings.</p> <p>Building improvements are capital events that materially extend the useful life of a building and/or increase the value of a building. Building improvements are capitalized and recorded as an addition of value to the existing building if the expenditure meets the capitalization threshold.</p>
Fixed Equipment Buildings	\$10,000	16203	Equipment that is personal property that is attached to a building or the land in a manner that is meant to be permanent. Examples include boilers, HVAC units, bus lifts, etc. Improvements or additions made to existing fixed equipment building assets are also capitalized if they meet the capitalization threshold and other requirements.
Infrastructure	\$0	16407	Infrastructure consists of long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are often linear and continuous. Examples include roads, bridges, sewers, street lights, etc. Infrastructure costs are treated as a pooled asset with the total costs incurred depreciated over one useful life period and disposed at the end of its estimated useful life.
Machinery and Equipment	\$10,000	16400, 16401, 16404, 16405, 16408 to 16411, 16500, 16502, 16702	Personal property that is a movable tangible asset placed into service for operations with the benefits of the asset extending beyond one year from date of acquisition. Improvements or additions made to existing personal property are also capitalized if they meet the capitalization threshold. Machinery and Equipment excludes personal property considered a Vehicle or Furniture and Fixtures.
Vehicles and Related Equipment	\$10,000	16402, 16403, 16406	Personal property that is a movable tangible asset placed into service for operations with the benefits of the asset extending beyond one year from date of acquisition. Improvements or additions made (to existing personal property) are capitalized if they meet the capitalization threshold. A vehicle is a machine designed to transport people or goods and can include a wide variety of equipment like cars, trucks, and buses. Related equipment refers to all the systems, parts, components and accessories that are associated with a vehicle.
Furniture and Fixtures	\$10,000	16300 to 16302	Personal property that is a movable tangible asset placed into service for operations with the benefits of the asset extending beyond one year from date of acquisition. Improvements or additions made (to existing personal property) are capitalized if they meet the capitalization threshold. Furniture and Fixtures includes tangible assets that are not part of a building's structure but are used for the County's operations. Furniture includes items like desks, chairs and tables, while fixtures are items attached to the property such as shelving, partitions or lighting that can be removed with causing structural damage.

Class of Asset	Threshold	Infor Ledger Accounts	Description
Other Computer Software - Purchased	\$1,000,000	16500	<p>Computer software is the most widely owned type of intangible capital asset. There are three primary types of computer software:</p> <ul style="list-style-type: none"> <li>- Purchased (commercial "off the shelf")</li> <li>- Internally-generated (see below)</li> <li>- Subscription-based information technology arrangements (SBITA, see below)</li> </ul> <p><b>Purchased Software</b>  Purchased software is commercial software that is purchased "off the shelf" and then placed into service with minimal modification.</p> <p>To be a capitalized asset, the commercial software must have:</p> <ul style="list-style-type: none"> <li>- An estimated useful life of one year or greater</li> <li>- An aggregate cost that meets or exceeds the capitalization threshold of \$1,000,000</li> </ul> <p>If the software requires more than minimal modification before placing it into service, evaluate the total initial purchase cost plus the budgeted application development cost (including direct labor expense) to determine if the total initial cost meets or exceeds the \$1,000,000 threshold. If the threshold is met or exceeded, the software should be recorded.</p>
Intangibles - Internally Generated Computer Software	\$1,000,000	16600	<p>GASB 51 clarified questions regarding the accounting and financial reporting requirements for intangible assets as capital assets created from internal software development. See GASB 51 for the accounting treatments for costs incurred in the different application development stages.</p> <p>GASB 51 defines an intangible asset as an asset that has all of the following traits:</p> <ul style="list-style-type: none"> <li>Lacks physical substance</li> <li>Is nonfinancial in nature</li> <li>Has an initial useful life extending beyond a single reporting period</li> </ul> <p>All intangible assets subject to the provisions of GASB 51 are classified as capital assets and reported on the government-wide statement of net position only if they are identifiable.</p> <p>Outlays incurred related to the development of an internally-generated other intangible capital asset are capitalized only upon the occurrence of all of the following:</p> <ul style="list-style-type: none"> <li>Determination of the specific objective of the project and the nature of the service capacity expected upon completion of the project</li> <li>Feasibility for completion at expected capacity is anticipated</li> <li>Demonstration of current intention, ability and presence of effort to complete</li> </ul>
Other Intangible Capital Assets	\$1,000,000	N/A	<p>Other intangible capital assets include patents, trademarks and copyrights. Purchases of other intangible assets are capitalized if the cost meets or exceeds \$1,000,000.</p> <p>Intellectual property rights (such as patents, trademarks and copyrights) are subject to a legal limited life. As such, amortize capitalized intellectual property rights over their applicable legal lives unless it is determined they have a shorter estimated useful life due to impairment.</p> <p>Trademarks could be considered to have an indefinite useful life — as there is no restriction to the number of renewal periods. A trademark that is no longer in use or does not have its registration renewed is considered to have an identifiable useful life.</p>
Right-to-Use Assets - Leases	\$10,000	16700 to 16703	<p>GASB 87 requires an intangible asset to be recognized for the lessee's right to use an underlying leased asset (building, equipment, vehicles, etc.) for the lease term. The intangible asset should be reported as a capital asset, value based on the present value of future expected lease payments, plus any direct costs.</p>
Right-to-Use Assets - Subscription-Based Information Technology Arrangements (SBITA)	\$10,000	16704	<p>GASB 96 requires an intangible asset to be recognized for the lessee's right to use an underlying leased information technology asset (software, etc.) for the lease term. The intangible asset should be reported as a capital asset, value based on payments expected to be made during the SBITA term, adjusted for any SBITA payments made at or before the SBITA commencement date and certain other initial direct costs.</p>

Class of Asset	Threshold	Infor Ledger Accounts	Description
<a href="#">Historical Treasures/Zoo Animal Collections</a>	N/A	N/A	<p>A collection of museum historical artifacts which meet the definition of a capital asset should be capitalized and reported in the financial statements unless meeting all of the following conditions: 1) the collection is held for reasons other than financial gain, 2) the collection is protected, kept unencumbered, cared for, and preserved, and 3) the collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.</p> <p>In accordance with industry practice, a collection of zoo animals are recorded at a nominal amount as there is no objective basis for establishing value. Additionally animal collections have numerous attributes, including species, age, sex, etc. causing it impractical to assign value. Acquisitions to the collection are recorded as expenditures in the period of acquisition.</p>