

	STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES		POLICY AND PROCEDURE NUMBER 11.04.019	PAGE 1 of 3
	Policy and Procedure		EFFECTIVE DATE June 30, 2000	
SUBJECT Equipment Capitalization		SUPERSEDES DPDR 11.04.019	DATED 4/2/1996	
TITLE State Equipment Fleet	CHAPTER Equipment Use, Care and Maintenance	APPROVED BY Signature on File		

PURPOSE AND SCOPE

The purpose of this procedure is to provide guidelines for determining the amount capitalized during the initial procurement/fitting of equipment and the distinction between repairs and capitalized improvements on current equipment. This procedure applies to procurement for the Statewide Equipment Fleet (SEF).

Introduction:

SEF is required to maintain an accounting of all equipment costs and to differentiate between capitalized asset costs and normal equipment repair costs.

Responsibility/Performance:	
HQ Procurement Specialist:	Review procurement information to ensure that all related costs are capitalized to proper vehicle number.
HQ Contracting Officer:	Provide criteria to determine what constitutes costs to be capitalized.
Fleet Manager:	Ensure compliance with this procedure.

DISTRIBUTION

All holders of the DOT&PF Procedure Manual and the SEF Procedure Manual.

PROCEDURE

A. New equipment.

1. All costs directly related to the purchase and/or fitting for the equipment's final purpose within-SEF should be capitalized as part of the original basis of the asset.
2. These costs may include freight, upgrades, enhancements and/or installation of optional equipment. Costs exceeding \$500 per project should be considered for capitalization.

B. Previously owned equipment: capital expenditure versus revenue expenditure.

1. Distinction between capital and revenue expenditures:

- a. Capital expenditures will extend the useful life of the asset(s) and/or may add to the usefulness of the asset(s) with the addition of enhancements or optional equipment.
- b. Revenue expenditure does not extend the equipment's capacity or efficiency and merely maintains the asset in its existing condition or restores the asset to good working order.

C. All items under consideration for capitalization in A and B above must be approved in advance by the SEF Fleet Manager.

The "Request for Capitalization" memorandum is provided in Attachment A.

Attachment:

Attachment A: "Request for Capitalization" Memorandum

