

# BPA Policy 212-4

## Personal Property Capitalization

### Finance

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## 1. Purpose & Background

The purpose of this policy is to provide an operating definition of what constitutes personal property and to provide the applicable capitalization threshold.

## 2. Policy Owner

BPA's Chief Financial Officer is the owner of this policy, and assigns responsibility for its implementation to BPA's Accounting Officer (AO).

## 3. Applicability

All BPA employees purchasing personal property

## 4. Terms & Definitions

- A. **Personal Property:** Includes all items that are moveable in nature and have not become a physical part of a utility plant asset.
- B. **Capital Property:** Any personal property with a useful service life of one year or more and an acquired unit cost of \$10,000 or more.
- C. **Non-Capitalized Personal Property:** BPA personal property with an acquisition value of less than \$10,000.

## 5. Policy

BPA's personal property policy is to only capitalize when the following criteria are met:

- A. The dollar threshold for capitalizing personal property is **\$10,000**. The \$10,000 threshold is reached when one individual asset unit costs \$10,000 or more.
- B. When determining if the threshold has been reached, it is **not** permissible to combine individual units under one purchase to reach the \$10,000 mark. For example, five desks that cost \$2,000 each would not be eligible for capitalization. However, one desk that costs \$10,000 would be eligible for capitalization.
- C. In the event a component piece cannot operate independently from the overall unit and is required for the functionality of that unit, then the total of the subcomponents is included in the overall cost of the main unit for purposes of determining the threshold. For example, test equipment that requires assembly of multiple parts to result in one functioning unit.

<b>Organization</b> FRP - Asset Accounting	<b>Title</b> Personal Property Capitalization	<b>Unique ID</b> 212-4		
<b>Author</b> Lorinda Limpf	<b>Approved by</b> Javier Fernandez, CFO	<b>Date</b> 1/3/2017	<b>Version</b> 2.0	Page 2

## 6. Policy Exceptions

Personal property does **not** include software or real property (i.e., land). Refer to Software Capitalization & Expense Policy (BPA Policy 212-7); Property, Plant & Equipment Policy (BPA Policy 212-1); and Land and Land Rights Policy (Chapter 3.04 Accounting Policies and Guidance) for further guidance.

## 7. Responsibilities

- A. **Administrator:** The authority for making accounting policy is vested in the Administrator and is delegated in operating authority to the Executive Vice President and Chief Financial Officer (CFO).
- B. **Chief Financial Officer:** Sets accounting policies deemed necessary to keep complete and accurate accounts of operations, including all funds expended and received in connection with acquisition, transmission, and sale of electric energy and other BPA services.
- C. **Accounting Officer:** Establishes policy and provides technical accounting guidance on capitalization policies.
- D. **Accounting and Reporting Managers:**
  - 1. Provide accounting functional guidance and oversight to BPA's financial management systems.
  - 2. Establish BPA and FCRPS accounting requirements and reporting mechanisms in compliance with applicable policies, laws and regulations.
- E. **All BPA Managers:** Establish operational procedures, practices and relevant training to ensure that work results conform to established BPA policies.
- F. **BPA Staff and Subject Matter Experts:** Follow this policy.

## 8. Standards & Procedures

Employees purchasing personal property are responsible for ensuring all capitalized purchases over \$10,000 meet the criteria noted in policy section 5 of this document. The employee responsible for creation and completion of capital work orders is responsible for validating policy compliance. If the threshold and criteria are not met, the same employee is responsible for ensuring the costs are expensed.

## 9. Performance & Monitoring

Compliance with this policy is monitored through A-123 internal control, 3.C.1.a Work Order Review and Project Analysis.

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## 10. Authorities & References

[Electronic Code of Federal Regulations](#), Title 41: Public Contracts and Property Management, § 102-36.40

Federal Columbia River Transmission System Act of 1974

## 11. Review

This policy is scheduled for review in June 2021.

## 12. Revision History

Version Number	Issue Date	Description of Change
1.0	9/28/2015	Migration of content to a new policy format
2.0	1/3/2017	Edits made in response to policy review. This version was subject to full, formal review.

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