

FIXED ASSETS AND CAPITALIZATION POLICY

The capitalization policy of the District will follow the fixed asset guidelines outlined in the District's Accounting Procedures Manual. These guidelines include asset classes, define useful lives per asset class and establish depreciation thresholds for said asset classes.

In order to associate debt with acquired assets, and to avoid net asset deficits, any asset that has been acquired with debt proceeds shall be capitalized, regardless of the cost of the asset. The asset life of these assets shall be considered relative to the time of the respective debt amortizations.

For all other assets not acquired by debt proceeds, the dollar value of any single item for inclusion in the fixed assets accounts shall be not less than five thousand dollars (\$5,000). The capitalization threshold shall be set at a level that will capture at least 80% of all fixed assets.

The assets listed below do not normally individually meet capitalization threshold criteria:

1. Library books. 2. Classroom texts. 3. Computer equipment. 4. Classroom furniture.

These asset category costs shall be capitalized and depreciated as groups when that group's acquisition cost exceeds the capitalization threshold in any given fiscal year.

For group asset depreciation purposes, the estimated useful life of the group may be based on the weighted average or simple average of the useful life of individual items, or on an assessment of the life of the group as a whole. Periodically, the intermediate unit shall review the estimated life of groups of assets and adjust the remaining depreciation life of the group.

Adopted on: 3-14-05

District Reference: District's Accounting Procedures Manual