

CAPITALIZATION OF ASSETS

Statement of Policy

It is the policy of Slate Valley Unified Union School District to account for and control all capital assets under the District's control.

Definitions

1. Capital Assets -

- a. Tangible or intangible assets used in operations and having a useful life of more than one year, including (i) land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and (ii) additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).
- b. Capital assets do not include intangible right-to-use assets (per GASB) and right-to-use operating lease assets (per FASB). For example, assets capitalized that recognize a lessee's right to control the use of property and/or equipment for a period of time under a lease contract.

2. **Estimated Useful Life** – an estimate of the time period that an asset can be used for the purpose for which it was intended.

Administrative Responsibilities

1. The superintendent or designee shall maintain a schedule of capital assets reported in conjunction with the annual audit.
2. Capitalization occurs when all of the following criteria are met:
 - 1) The asset is tangible and complete. Construction in progress is capitalized but depreciated until construction is complete.
 - 2) The asset is used in the operation of the district's activities.
 - 3) The asset has a value and useful life at the date of acquisition that meets or exceeds the following.
 - a) A value of \$5,000 individual component value and one year of useful life.
 - b) All buildings and land must be reported regardless of value and useful life at the date of acquisition.
3. Assets acquired through donation shall be recorded at their estimated fair market value on the date of donation and capitalized according to the above criteria.
4. Annual depreciation shall be charged in equal amounts over the estimated useful lives of all capital assets. The superintendent or designee shall assign the assets' estimated useful life in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) rulings.

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<i>Legal Reference(s):</i>	<i>2 CFR 200.1 [Equipment]</i>

Slate Valley Unified Union School District