

FIXED ASSET CAPITALIZATION POLICY

PURPOSE AND SCOPE

The purpose of this Policy is to establish standard procedures for capitalizing fixed assets to facilitate the identification, reporting and safeguarding of School assets in compliance with generally accepted financial reporting requirements.

ASSET VALUE

Capital assets are valued at their historical cost. In the absence of historical cost information, the asset's estimated historical cost will be used. Donated assets are reported at fair market value on the date the asset is donated.

CAPITALIZATION THRESHOLD

The School will capitalize all individual assets with a cost of \$5,000 or more and that have an estimated useful life of one year or more.

Certain individual assets under \$5,000 (but with a useful life of over one year) purchased simultaneously and used in an integrated manner (classroom furniture, networked computers, etc) may be deemed "system assets" and treated as a single asset purchase for capitalization purposes.

DEPRECIATION METHOD

Capitalized assets are depreciated using the straight line method.

ESTIMATED USEFUL LIVES

The following guidelines from the 2011 California School Accounting Manual are used in setting estimated useful lives for asset reporting: