

COLCHESTER SCHOOL DISTRICT

POLICY: CAPITALIZATION OF ASSETS

DATE ADOPTED: May 6, 2025

PURPOSE

In accordance with 2 Code of Federal Regulation 200.33 – Equipment, the District will establish a uniform method of accounting for fixed assets and depreciation that provides proper control and conservation of the School District's assets.

POLICY STATEMENT

The School District is responsible for accounting for, controlling, and reporting on fixed assets and depreciation.

Capitalization of assets, inclusive of land, land improvements, buildings and building improvements, vehicles, machinery and equipment, and furniture and occurs when all of the following criteria are met:

- A. The asset is tangible and complete. Construction in progress is capitalized but not depreciated until the construction is completed.
- B. The asset is used in the operation of the School District's activities.
- C. The asset has a value and useful life at the date of acquisition that meets or exceeds the following:
 - 1. \$2,500 to \$3,000 for individual items and \$10,000 for an asset group and one year of useful life;
 - 2. All buildings and land must be reported regardless of value and useful life at the time of acquisition.

Assets acquired through donation will be recorded at their estimated fair market value on the date of donation and capitalized according to the criteria above.

Annual depreciation will be charged over the estimated useful lives of capital assets using a straight-line method of depreciation. The assets' estimated useful life will be assigned by management in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) rulings.

Legal Reference(s): 2 Code of Federal Regulation 200.33 - Equipment

Last Reviewed: September 5, 2017
 Date Warned: March 28, 2025
 First Reading: April 1, 2025
 Second Reading: May 6, 2025