

# Addison Northwest Supervisory Union Policy

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**SECTION: BUSINESS AND NON-INSTRUCTIONAL OPERATIONS**

**CODE: E13**

**TITLE: CAPITALIZATION OF ASSETS**

In order to provide for the proper control and conservation of Addison Northwest Supervisory Union property as well as proper accounting for financial reporting purposes, the Superintendent or designee shall maintain a schedule of capital assets.

Capital assets are property owned by the district and may include but is not limited to, computers, computer equipment, software, and peripherals; equipment such as vehicles, machinery, copiers and office equipment; buildings and land; improvements to buildings; and infrastructure such as access roads, parking lots, playgrounds, rights of way and culverts.

Capitalization for the purpose of this policy occurs when all of the following criteria are met:

1. The asset is tangible and complete (construction in progress is not capitalized 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 end of acquisition that meets or exceeds the following:
  - a. A value of \$5,000 and five years of life for vehicles, equipment and capital improvements.
  - b. A value of \$5,000 and five years of a single information technology equipment item.
  - c. A \$50,000 value and fifteen years of life for infrastructure and infrastructure improvements.
  - d. All buildings and land must be reported regardless of value and useful life at date 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. In addition to purchase price or construction cost, capitalizable costs may include incidental costs such as bond interest and issuance costs, insurance during transit, freight, duties, title search, title registration, installation and breaking-in costs in accordance with Generally Accepted Accounting Principles.

Annual depreciation will be charged in equal amounts over the estimated useful lives of all capital assets. The assets' estimated useful lives will be assigned by the Business Manager in accordance with Generally Accepted Accounting Principles (GAAP). In accordance with Governmental Accounting Standards Board Rule #34 depreciation will be allocated to the applicable function codes. The straight-line method of depreciation shall be used.

*Date Warned:*

*Date Adopted:*

*March, 2016*

*Legal Reference:*