A. Fixed assets are land, buildings, and equipment used by the District for a time period longer than one year. Fixed assets are depreciated in accordance with Generally Accepted Accounting Principles. Those assets meeting the capitalization thresholds described below are added to the District’s fixed asset records and depreciated. Other assets may be tracked by individual departments/buildings as they see fit.

Capitalization Thresholds:

- Land: Always capitalized
- Buildings: Always capitalized
- Building improvements: Capitalized if over $50,000
- Equipment: Capitalized if over $5,000

B. The cost of an asset includes the price paid for all the components of the asset, plus the costs to have it installed and ready for its intended use, including freight. In general, assets may not be grouped together to exceed capitalization thresholds. However, different components of the same asset should be combined. For example, a copy machine could also include a document feeder, sorter, specialty trays, etc. All these components should be combined into the asset cost of the copy machine.

C. Only assets meeting the above capitalization thresholds may be charged to accounts with object codes 6541 and 6542. Other assets must be charged to object codes 6412, if less than $1,000, or 6599, if between $1,000 and $5,000. Assets over $1,000 cannot be purchased from Fund 11.

D. The District periodically receives fixed assets through donations. The cost of donated assets is the fair market value of the asset at the time it was donated. Any District personnel accepting donated fixed assets items that could have a fair market value over $5,000 should contact the Business Services office to determine if the item should be added to the fixed asset records. Also, see Procedure No. 705 regarding donations made to the District.

E. The cost of computer equipment and software is treated the same as any other asset purchase. However, the cost of software purchased to use on a computer is not considered necessary to get it ready for its intended use and is not combined with the cost of the computer to determine the total cost of the asset. The cost of software that is bundled with the price of the computer at the time of purchase at no additional cost is included in the price of the computer. To be capitalized, the cost of the computer and any software must exceed $5,000 individually.