

Sparta Area School District

Article 180 –Capitalization

The Sparta Area School District recognizes the need to establish and maintain a capitalization policy that is in compliance with the Governmental Accounting Standard Board. For purposes of this policy:

Capitalization

A capital asset shall be any asset, either purchased or donated, that falls into one of the asset classes below, has a useful life of at least five years, and meets the capitalization threshold.

The capitalization threshold is an original cost equal to or exceeding \$5000.00. Improvements and equipment with an original cost of less than \$5000.00 will be expensed.

Valuation

All capital assets shall be recorded at their cost, or estimated cost, at the date of acquisition. Donated items will be recorded at their fair market value on the date of donation.

Depreciation

Depreciation shall be calculated using the straight-line method of depreciation over the estimated useful life of the asset. Depreciation expense will be calculated in the beginning of the month that the asset is placed in service.

Asset Class	Estimate Useful Life
Infrastructure	50 years
Land Improvements	20-50 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years

Inventory Records

A physical inventory of call capital assets shall be taken once every 5 years . All capital assets are to be tagged with the District assigned identification numbers.

Legal Reference:

Cross Reference:

Approved: June 25, 2013

Revised October 27, 2015