

POLICY TITLE: <b>Capitalization of Fixed Assets</b>		
ADOPTION/EFFECTIVE DATE: 5/22/2001	MOST RECENTLY AMENDED: 3/23/2009	MOST RECENTLY REAFFIRMED:
POLICY/PROCEDURE MANUAL SUMMARY CATEGORY: Fiscal		

## I. Purpose

The purpose of this policy is to establish the criteria under which certain assets will be capitalized for financial reporting purposes.

## II. Definitions

- A. Capitalized means the cost of the asset shall be recorded in the accounting system, depreciated over its estimated useful life, and reported in the annual financial statements.
- B. Fixed assets are items acquired with a useful life of at least two years from the date of acquisition.
- C. Inventory refers to logs or lists of noncapitalized items maintained by a school or department.
- D. Noncapitalized means the fixed asset has a useful life of at least two years from the date of acquisition but does not satisfy the minimum dollar threshold established in this policy.

## III. Statement of Policy

- A. Fixed assets with a useful life of at least two years from the date of acquisition and having a value of \$5,000 or greater shall be capitalized. This policy is applicable to individual assets rather than to a group of assets (e.g., desks, tables).
- B. Fixed assets acquired under federal awards shall be controlled in accordance with the applicable federal requirements whether capitalized or noncapitalized.
- C. Control of noncapitalized fixed assets occurs at the department and school level.
  - a. Each department/school will determine those items to be inventoried based on their heightened risk of theft, necessity to report to an external agency, or other factor deemed appropriate.
  - b. Each department/school will determine the method of maintaining their

inventories of said items.

- c. Such inventories will be made available for audit by the Finance Office, Internal Auditor, or other State or federal agency.

**Board Approval Acknowledged By:**

*Patricia L. Skebeck*

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Patricia L. Skebeck, Interim Superintendent  
Board of Education of Harford County

Policy Action Dates					
ACTION	DATE	ACTION	DATE	ACTION	DATE
Adopted	5/22/2001	Modified	10/29/2008	Amended	3/23/2009

Responsibility for Policy Maintenance & References		
LAST EDITOR/DRAFTER NAME: John Markowski		JOB POSITION OF LAST EDITOR/DRAFTER: CFO
PERSON RESPONSIBLE: John Markowski		JOB POSITION OF PERSON RESPONSIBLE: CFO
DESIGNEE NAME: N/A		JOB POSITION OF DESIGNEE: N/A
REFERENCE 1 TYPE: Legal	REFERENCE 1 NO.	REFERENCE 1 DESCRIPTION: Government Accounting Standards Board Statement #34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments
REFERENCE 2 TYPE: Guidance	REFERENCE 2 NO.	REFERENCE 2 DESCRIPTION: Government Finance Officers Association (GFOA) Recommended Practice - Establishing Appropriate Capitalization Thresholds for Capital Assets
REFERENCE 3 TYPE: Guidance	REFERENCE 3 NO.	REFERENCE 3 DESCRIPTION: GFOA Recommended Practice - Ensuring Control over Noncapitalized Items
REFERENCE 4 TYPE:	REFERENCE 4 NO.	REFERENCE 4 DESCRIPTION:
REFERENCE 5 TYPE:	REFERENCE 5 NO.	REFERENCE 5 DESCRIPTION:
POLICY NUMBER PRIOR TO NOVEMBER 1, 2005: General Administration .02.09.063		