

## **Capitalization Policy**

### **Policy 3221**

**January 17, 2012**

**Review Date: February 11, 2014**

It is the expectation of the Government of British Columbia that School Districts maintain adequate control over all of their assets. Capital assets include replacement and new capital purchases as well as capital donations and capital leases.

The policy of School District #81 (Fort Nelson) is to capitalize assets when the useful life is greater than one year and the acquisition cost or value meets the capitalization threshold of \$5000.

The following criteria apply to capital assets:

- Capital assets acquired or constructed are recorded at cost.
- Donated capital assets are recorded at their fair market value on the date of donation.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Sites and buildings that no longer contribute to the ability of the district to provide services are written down to residual value.
- Buildings that are demolished or destroyed are written off.
- Groups/classes of assets, where individual asset items are less than the capitalization limit, but when all assets of that group are added together the dollar amount exceeds the capitalization limit, will be capitalized.
- Capital assets, other than land and buildings, when fully amortized, will be removed from amortization schedules and financial statement values via “deemed disposal” entries.
- Amortization is recorded on a straight-line basis over the estimated useful life of the asset with no amortization recorded in the year of acquisition. Estimated useful life is estimated as follows:

<b>Buildings</b>	<b>40 years</b>
<b>Furniture and Equipment</b>	<b>10 years</b>
<b>Vehicles</b>	<b>10 years</b>
<b>Computer Software</b>	<b>5 years</b>
<b>Computer Hardware</b>	<b>5 years</b>