Capital Assets and Depreciation

Capital Assets
Educational Service District 112 shall establish and maintain standard procedures for capitalizing fixed assets and facilitating the identification, reporting and safeguarding of assets in compliance with generally accepted accounting principles and the Accounting Manual for Educational Service Districts.

In compliance with generally accepted accounting principles, fixed assets are defined as any capital purchase, dedication of land, buildings, improvements, equipment, and/or software in excess of ESD’s capitalization threshold, which shall be established as follows, for a single acquisition, and with a useful life of five years or more:

- Fiscal years starting September 1, 2015 to August 31, 2020: $15,000
- Fiscal years starting September 1, 2020: $20,000

Leases
In compliance with generally accepted accounting principles, assets acquired under qualifying lease finance arrangements shall be capitalized without consideration to the approved capitalization threshold.

Theft-Sensitive Assets
For purposes of this policy “theft-sensitive” assets are those identified by ESD as most subject to loss and of material cost and/or impact if lost. Theft-sensitive assets shall be inventoried and monitored in accordance with procedures that are adopted to implement this policy.

Depreciation
The Superintendent or designees shall depreciate fixed assets using the straight-line method of the estimated useful lives for classes of assets, as defined by Chapter 30 of the Washington State Administrative & the Accounting Manual for Educational Service Districts, consistent with the following:

A. Depreciation represents the recognition of the cost of an asset over time by calculating its estimated loss in value during each accounting period;
B. Generally accepted accounting principles allow ESD to use any established depreciation method;
C. The Accounting Manual for Educational Service Districts allows ESD to use any established depreciation method based on a reasonable estimate of the length of time that the asset is expected to be used in operations.
D. Assets may be capitalized and depreciated as a single unit purchase, as a grouped item purchase or based on component units, per evaluation of the most reasonable basis for treatment of the capitalized asset.

Books and Records
The Superintendent or designees shall maintain real and personal property records aligned with requirements of local government agencies in the state of Washington.

The Superintendent or designees shall develop procedures to implement this policy. This policy, and implementing procedures, shall be retroactive to September 1, 2015.

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