

## **CAPITALIZATION POLICY**

Object 900 series of the accounting code is used to record expenditures for capitalized equipment and capital improvements to building and/or grounds infrastructure.

Equipment is defined as a nonexpendable, tangible item of personal property having a useful life of more than one year. Included are those items composed of component items (individually not meeting the capitalization amount but which, in total, meet the capitalization amount, i.e. a phone system).

Capital improvements to building and/or grounds infrastructure is defined as those expenditures that materially increase the value or useful life of the buildings or grounds facility.

Nine Mile Falls School District will capitalize equipment items costing \$5,000.00 or more to comply with state guidelines.

All equipment and capital improvements purchased according to these guidelines will be charged to object 9XX in the accounting system of the district.