



Board Action Required ☒

No Action Required ☐

To: Coppel ISD Board of Trustees

From: Kelly Penny

CC: Dr. Turner, Sid Grant, Denise Sullivan &
Barbara Sabedra

Re: Capital Asset Threshold, CFB Local Policy

Due to recent changes in fixed asset reporting requirements for federal and state assets, the District is requesting to refine and clarify its local policy regarding the capitalization threshold. The requested changes are noted in red and were reviewed and agreed upon by the District's external auditors. This change will allow flexibility and clarification when determining the classification of purchased assets that cost less than \$5,000 on an individual basis, but exceed \$5,000 in the aggregate.

For example, if technology elected to build a server, the individual cost of the items to build the server might cost less than \$5,000. However, when all of the components are assembled, the cost of server could exceed \$5,000. Thus, if the aggregate cost exceeded \$5,000 the District would elect to capitalize the total cost of the server.

Below are the recommended changes in red, with the current local policy in black.

CFB
(LOCAL)

**CAPITALIZATION
THRESHOLD**

The capitalization threshold for purposes of classifying capital assets shall be \$5,000 **on a per unit basis.**

For financial reporting reasons, including federal compliance guidelines, some non-qualifying items may be capitalized. These non-qualifying items will be capitalized for control purposes or other identified or necessary purposes. The Chief Financial Officer or the Assistant Superintendent of Business and Support Services will make the final determination as appropriate for the District.