



**Subject:** Capitalization Policy

**Effective Date:** 01/22/2026

**Approved By:** Board of Directors

**Policy:** 2207

#### I. Purpose

The purpose of this Capitalization Policy is to establish consistent standards for identifying, recording, depreciating, and tracking capital assets of Springs Public Schools Tennessee (SPSTN). This policy ensures compliance with generally accepted accounting principles (GAAP), applicable federal regulations, including 2 CFR Part 200 (Uniform Guidance), and audit requirements.

#### II. Scope

This policy applies to all capital asset purchases made by SPSTN, regardless of funding source (local, state, federal, or private).

#### III. Capitalization Threshold

SPSTN shall capitalize individual assets with: - **A unit cost of \$5,000 or more, and** - **An estimated useful life greater than one (1) year.**

Assets that do not meet both criteria shall be expensed in the year of purchase.

#### IV. Definition of Capital Assets

Capital assets include, but are not limited to: - Land - Buildings and building improvements - Modular buildings and modular classroom units - Leasehold improvements - Furniture and fixtures - Equipment and machinery - Technology infrastructure (e.g., servers, networking hardware) - Vehicles (if applicable)

#### V. Items Expensed Regardless of Cost



The following items are expensed and not capitalized, even if purchased in bulk, unless they meet the capitalization threshold individually: - Student Chromebooks, tablets, and similar instructional devices - Classroom furniture and instructional materials below the capitalization threshold - Software licenses and subscriptions - Curriculum materials and textbooks - Repairs and maintenance that do not materially extend the useful life of an asset - Consumable supplies

#### VI. Useful Life Guidelines

Capital assets shall be depreciated using the following estimated useful lives:

Asset Category	Useful Life
Buildings / Modular Units	20–30 years
Leasehold Improvements	Lesser of useful life or lease term
Furniture & Fixtures	7–10 years
Equipment	5–7 years
Technology / IT Infrastructure	3–5 years
Vehicles (if applicable)	5 years

#### VII. Depreciation Method

SPSTN shall use the **straight-line method of depreciation** over the estimated useful life of the asset. No salvage value will be assumed unless otherwise required.

#### VIII. Asset Tracking and Inventory



SPSTN shall maintain an asset register that includes, at a minimum: - Asset description - Acquisition date - Acquisition cost - Funding source (including identification of federally funded assets) - Asset location - Accumulated depreciation

A physical inventory of capital assets shall be conducted at least once every two (2) years. Any discrepancies shall be investigated and resolved promptly.

#### IX. Federally Funded Assets

Capital assets purchased with federal funds shall be managed in accordance with 2 CFR §200.313, including inventory control, safeguarding, and disposition requirements.

#### X. Approval and Effective Date

This Capitalization Policy shall become effective upon approval by the SPSTN Board of Directors and shall apply prospectively unless otherwise directed by the Board.