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**OFFICE OF  
EDUCATION**

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TO: Assistant Superintendents, Department and Program Managers  
FROM: Andrew B. James   
DATE: December 15, 2010  
SUBJECT: Changes to the Fixed Asset Capitalization Threshold

Effective July 1, 2010, the Butte County Office of Education has change their fixed asset capitalization threshold from \$5,000 to \$5,000 for assets purchased with Federal monies and \$50,000 for all other assets.

**What does this mean?**

This means that only purchases over \$50,000 (or \$5,000 for Federally funded programs) will be coded to object code 6400. Purchases below the capitalization threshold shall be otherwise appropriately coded.

**What about purchases already coded to object code 6400 below the new threshold?**

The best thing to do for these purchases that are coded as 6400, but no longer qualify as a capital asset, is to work with your Financial Services representatives to get the transaction moved to the appropriate object code.

**Hold on, what is a "Fixed Asset Capitalization Threshold" anyway?**

To explain this process, let me define a few terms:

- **Fixed Asset:** An asset that is/will be useful to the organization for a long period of time and cannot be quickly turned into cash. Fixed Assets are subject to special financial reporting and must be depreciated using a depreciation schedule. Some examples of fixed assets are buildings, land, equipment, and vehicles.
- **Capitalization:** The act of recognizing an asset as a fixed asset.

So, the "Fixed Asset Capitalization Threshold" is what determines which assets are Fixed Assets, thus subject to special financial reporting and depreciation, and which assets are not Fixed Assets.

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cc: Don McNelis, Superintendent