

Yolo Subbasin Groundwater Agency (YSGA)

Policies & Procedures

ADMINISTRATION – Section 2000

2100 – Financial Management

POLICY TITLE: Capital Assets Policy

POLICY NUMBER: 2115

(Adopted 9/21/20)

2115.1 This policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in Yolo Groundwater Sustainability Agency (YSGA) annual financial statements.

A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; and (2) was acquired or produced for a cost of \$2,500 or more.

2115.2 Capital Assets must be capitalized and depreciated for financial statement purposes. All Capital Assets are recorded at historical cost as of the date acquired. An invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of four years.

2115.3. Tangible assets costing below the aforementioned threshold amount are recorded as an expense for YSGA’s annual financial statements. Assets with an economic useful life of less than 12 months are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

2115.4 A betterment is an improvement made to a fixed asset in order to extend its useful life or increase its value. Doing so results in an enhanced asset. The cost of a betterment will be capitalized and depreciated over time. Conversely, if an expenditure on a fixed asset does not result in an improvement, then the cost is charged to expense as incurred.

2115.5 Depreciation is calculated using the straight-line method over the estimated useful lived of the respective assets.

2115.6 An inventory of assets should be taken annually and the YSGA Board of Directors should approve the disposal of any assets.