

April 13, 2010

La Selva Beach Parks and Recreation District

## CAPITAL ASSET POLICY

### **A. Purpose**

The purpose of the Capital Asset Policy is to establish policies and procedures governing the capital asset activities for Board of Directors and employees to ensure consistent management of all capital asset activity.

### **B. Definitions**

The following terms are used throughout the Capital Asset Policy

**Acquisition:** A newly acquired capital asset.

**Capital Asset:** Assets of a relatively fixed or permanent nature owned by the District. This includes: equipment, machinery, and vehicles with an estimated useful life of over five (5) years costing more than \$5,000.00, improvements other than buildings exceeding \$5,000.00 in cost, and all buildings and land parcels regardless of value. Upgrades and/or enhancements of existing capital assets are also considered a capital asset.

**Depreciation:** The allocation of the cost of property over its economic (useful) life.

**Depreciation Method:** The method used to allocate the cost of property over its economic (useful) life. The District uses the Straight Line Method (SL) for all depreciable assets.

**Disposition:** The process of eliminating an asset from the on-line financial system due to sale, destruction, obsolescence, loss/theft, etc.

**Useful Life:** The time period, in years, over which a capital asset is expected to remain valuable to the District.

### **C. Policy**

A. The District's Finance Director will serve as the designated Capital Asset Manager.

B. The District will utilize an on-line financial system to capture and report the data associated with capital assets and expenditures.

C. All items to be capitalized and entered into the on-line financial system must be expended out of a capital asset object code. All capital assets will be inventoried annually.

D. Capital assets will be recorded at actual cost. Actual cost includes all charges necessary to place the item in its intended location and condition for use, such as taxes, freight, title search fees and installation charges.