

GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 04-03
Effective Date: June 28, 2004

Adopted: June 28, 2004
Amended: January 27, 2014

Barbara Riordan, Chair

Last Review: January 26, 2015

SUBJECT: CAPITAL ASSET ACCOUNTING POLICY

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to maintain adequate control over all of the District's resources, including capital assets, and to minimize the risk of loss or use.

AMPLIFICATION OF POLICY:

A. Purpose

The purpose of this policy is to ensure proper internal control and accurate financial reporting of capital assets owned by the District.

This policy establishes the thresholds for assets recorded in the District's annual financial statements, and addresses other considerations for recording and depreciating capital assets. This policy complies with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34.

B. Capital Asset Definition

The District defines capital assets as assets that: 1) are used in the District's operations; and 2) have an initial useful life in excess of two years.

C. Capitalization Procedures

1. Capitalization Method

Capital assets are recorded at historical cost at acquisition. If historical cost information is not available, assets are recorded at estimated historical cost using the standard costing method.

2. Capitalization Thresholds

This policy establishes the following minimum thresholds for capitalizing individual assets:

Construction in progress	\$5,000
Land and improvements	\$5,000
Buildings and improvements	\$5,000
Equipment/vehicles	\$5,000
Furniture and Fixtures	\$5,000

Detailed records shall be maintained for all capital assets at or above the established thresholds.

3. Inventoriable Property/Equipment Thresholds

Computers	\$1,000 < \$4,999 per unit
Equipment	\$1,000 < \$4,999 per unit

Detailed records shall be maintained for all inventoriable property/equipment at or above the established thresholds.

Items below the capitalization thresholds may be included in the inventoriable property/equipment category at the discretion of the Executive Director/APCO, or designee, to be safeguarded from loss. These items may include, but are not limited to furniture (and related components), computers, tablets, cameras, tools, and other equipment.

4. Useful Life and Depreciation

The Executive Director/APCO, or designee, will assign an estimated useful life to all assets for the purposes of recording depreciation. Asset lives will be adjusted as necessary, depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands.

Depreciation will be recorded based on the straight line method excluding the first month of service, and including the month of disposal. The asset will be depreciated down to the asset's salvage value.

5. Safeguarding and Inventory of Capital Assets

Capitalized equipment and vehicles will be assigned an asset number and identified with a capital asset tag. Administrative Services will be responsible for maintaining the District's database containing pertinent information about each capital asset including but not limited to: asset description, manufacturer's serial number, original cost, acquisition date, useful life, location, depreciation, and disposal.

Inventory, of all capital assets and other inventoriable assets will occur on an annual basis on or about March 31; each department will participate in the inventory process. The Executive Director/APCO, or designee, will authorize the appropriate adjustments to the capital asset records and report to the District's Governing Board.