



CAPITALIZATION AND DEPRECIATION

This capitalization and depreciation policy is established to safeguard assets, enhance accountability and provide for more accurate and uniform financial reporting in compliance with accounting principles generally accepted in the United States of America (GAAP) and GASB34.

1. All fixed asset purchases in excess of \$2,500 for items that have a useful life of more than one year shall be capitalized.
2. Certain categories of assets costing less than \$2,500 but greater than \$1,000 shall be inventoried and tracked, although not in the general ledger. These items will not be depreciated.
3. In accordance with GAAP, assets must be depreciated over their estimated useful lives.

a. Computer Equipment	3 Years
b. Vehicles	5 Years
c. Other Equipment	5-10 Years
d. Site Improvements	20 Years
e. Buildings	50 Years
f. Subsequent Modernization to Buildings	50 Years

4. For depreciation purposes, only the salvage value of assets is estimated to be immaterial. Therefore, assets will be depreciated at 100% of cost.
5. The “half-year” convention will be utilized whereby one-half of depreciation is recorded in the fiscal year of acquisition and the fiscal year of disposition.
6. Straight-line depreciation will be calculated for all depreciable property.

Policy 681.1 Continued:

7. The capitalization threshold for these items is \$2,500 or more for an individual item or \$4,000 for grouped items (all like items valued at less than \$2,500 and purchased in a year).

Adopted: May 2004

Revised: January 2001