



RURAL NORTH VACAVILLE WATER DISTRICT

POLICY TITLE: Capitalization Policy
POLICY NUMBER: 2163
ADOPTION: September 9, 2014
REVISIONS: None

PURPOSE: To ensure fixed assets are properly classified and recorded in the District's financial system.

CAPITALIZED ASSETS (FIXED ASSETS) POLICY: Fixed Assets, which include infrastructure and equipment, are defined as assets with an initial cost of more than \$5,000 and have a useful life of three years or longer. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are valued at their fair value on the date of donation.

The costs of normal maintenance and repairs that do not materially add to the value of the asset nor appreciably prolong its life, are not capitalized.

DEPRECIATION: Structures and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-7
Infrastructure	30

PROCEDURES:

1. The District's General Manager shall maintain an Official Asset Inventory of all assets reported in the District's financial system.
2. In fund financial statements, fixed assets used in the District's operations are accounted for as capital outlay expenditures of the District's General Fund upon acquisition.