



### **Capitalization of Equipment**

**A.** All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$5,000 or more will be capitalized and depreciated over its useful life using the straight-line method of depreciation. The Organization will expense the full acquisition cost of tangible personal property below these thresholds in the year of purchase.

**B.** The basis of accounting for depreciable fixed assets is acquisition cost, and all normal expenditures, including installation costs, architect-engineer fees, etc., of readying an asset for use will be capitalized. However, unnecessary expenditures that do not add to the utility of the asset will be charged to the period incurred.

**C.** The Board President will oversee the assets on site and inform the Financial Manager if any changes occur. The Financial Manager will maintain the depreciation schedule by posting depreciation to the general ledger on a monthly basis. The schedule will be included in the Financial Managers report for presentation to the Board on a quarterly basis. The RD2084 Board will ensure all assets on the schedule are functioning and on-site, as well as assuring new assets are added. When an asset is no longer in use the Board President will notify the Financial Manager to dispose of said asset on the books. The Financial Manager will record a gain/loss if the asset is not fully depreciated.

### **Impairment of Long-Lived Assets**

A recognized impairment of a long-lived asset will be reflected whenever events or circumstances warrant. For disclosure purposes, any recognized impairment loss will be accompanied by a description of the impairment asset or group of assets and the measurement assumptions used in determining the impairment loss.

### **Environmental Clean-Up Costs**

Reclamation District 2084 is committed to complying with all Federal and state environmental laws.

### **Improvements and Betterments to Property, Plant and Equipment**

Expenditures for significant improvements, replacements, betterments, additions, renovations and rehabilitations of existing property, plant and equipment are capitalized at cost. The organization has engineering and construction staffs responsible for the majority of plant expansion projects and

installation of machinery and equipment. Capitalized costs of projects undertaken internally consist of direct materials, labor and allocated overhead and general and administrative expenses. Maintenance and repairs are expensed as incurred.

**Property Insurance in Excess of Acquisition Cost**

In the event that property insured in excess of acquisition cost is involuntarily converted, the new asset will be valued at the book value of the replaced asset plus or minus adjustments for differences between insurance proceeds and actual replacement costs.