

**YEAR-END ADJUSTMENT TO CAPITAL ASSETS
AND DEPRECIATION ACCOUNTS**

Capital assets are long-term assets of the District and include land, land improvements, construction-in-progress, buildings, and equipment.

The total value of capital assets on the Enterprise Resource Planning (ERP) system will be adjusted and reconciled with the additions and deductions for the year to make the year-end capital asset and depreciation entry to the general ledger.

The District maintains a capitalization threshold of \$250,000.00 for building and land improvements. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

The District's threshold for determining capitalization of equipment is \$5,000.00, per Governmental Accounting Standards Board Statements 34 and 35 and the California Community Colleges Budget and Accounting Manual. Equipment purchases with a value of \$5,000.00 or more are inventoried and tracked using the Fixed Asset Module of the ERP system. Disposition of capital assets must follow Business Procedure 10.01, Disposal of Personal Property, and will be removed from the Fixed Asset Module when fully disposed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings 25 to 50 years; land improvements 15 years; equipment 5 to 15 years, and vehicles 8 years.

The District Office Purchasing Department shall be responsible for overseeing annual inventory review and will provide information necessary for the District Accounting Office to assign and adjust fixed asset values for financial statement presentation.