4.3 SIERRA KINGS HEALTH CARE DISTRICT
FINANCE
POLICIES AND PROCEDURES

CAPITALIZATION AND DEPRECIATION POLICY – towards fiscally sound practices that protect the assets of the Sierra Kings Health Care District (referred to as the District).

Purpose:
The purpose of this policy is to govern how the District accounts for and manages its capital assets and associated depreciation.

POLICY:
It is the policy of the District to ensure acquired capital assets and associated depreciation are handled consistently within the District, pursuant to the following Procedure.

PROCEDURE:

1. If the Original Cost of an asset is at least $2,500 and has a useful life of at least three (3) years, it will be capitalized according to Government Accounting Standards Board (GASB).

2. The depreciable life of an asset will be determined using a relevant depreciable life handbook that is current and the source is noted.

3. In instances where a purchase consists of more than a single asset, and the purchase amount is more than $2,500 and has a life of more than three (3) years, the purchase will be reviewed by the District's Financial Representative for determination of whether the purchase qualifies as a depreciable asset.

4. If a depreciable asset has an original cost of less than $2,500, with a useful life of less than three (3) years, its cost will be expensed. The sub-account will be determined based on the purchase and whether it is considered a supply or minor equipment.

5. Betterments and Improvement:
    a. If the cost of a betterment or improvement to an asset is $2,500 or more, and the estimated useful life of the asset is extended beyond its original estimated useful life by at least (2) two years, or if the productivity of the asset is increased significantly over its original productivity, then this cost will be capitalized and written off over the remaining and/or additional estimated useful life of the asset.

Written: June 23, 2020