

LOCAL AGENCY FORMATION COMMISSION
POLICIES AND GUIDELINES

2.5 CAPITALIZATION POLICY AND CAPITAL ASSETS (Approved 2/25/04)

- 2.5.1 Capital assets include furniture and fixtures with a useful life of ten years and a value of \$1500 or more. Equipment with an estimated useful life of five years and a value of \$1500 or more is considered a capital asset. Capital assets owned by LAFCO are stated at historical cost or estimated historical cost, if actual cost is not available.
- 2.5.2 It is LAFCO's policy to capitalize all capital assets. LAFCO will maintain an inventory of capital assets, including equipment and furniture. The inventory will be maintained by staff and will be updated annually at the close of the fiscal year. Capital assets are depreciated using the straight line method over the estimated useful life.
- 2.5.3 Assets become obsolete when the asset is no longer operable, has been replaced, or is no longer available for use. Notification of obsolescence is made annually at the time of audit and removed from the capital assets list thereafter.
- 2.5.4 The Commission shall review and approve a list of any capital assets to be declared surplus property. The Commission may dispose of surplus property by making the property available for donation to any non-profit or other agency listed or authorized by either the State of California or El Dorado County to receive surplus property donations. The Commission may dispose of surplus property through a negotiated contract with an auction company. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement.