

## VENTURA COUNTY BOARD OF EDUCATION

**BOARD POLICY NO. 3440**

**ADOPTED: 02/24/97**

**CLASSIFICATION: Business and Noninstructional Operations**

**REVISED: 11/26/01**

**SUBJECT: Capital Property, Inventory, Depreciation and Disposal**

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The Governmental Accounting Standards Board (GASB) Statement 34 requires the Ventura County Office of Education (VCOE) to establish a capitalization threshold that encompasses all material assets of the organization for reporting of assets on the government-wide financial statements starting in the 2002-03 fiscal year.

The State Accounting Manual, Procedure No. 801, recommends a minimum capitalization threshold of \$5,000. Therefore, items under \$5,000 would be expensed as supplies and those items costing \$5,000 or more would be charged to capital outlay. Regulations in the Federal Office of Management and Budget A-87 19(a)(2) state that equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals the lesser of (a) the capitalization level established by the governmental unit for financial statement purposes, or (b) \$5,000.

### ASSET CAPITALIZATION

The Ventura County Office of Education will capitalize all assets with a purchase price greater than \$5,000 and a normal useful life of more than one year.

### INVENTORY CONTROL

Education Code Section 35168 established the threshold amount for tagging of equipment with a useful life of more than one year and requires maintenance of inventory records for all items exceeding the stipulated threshold amount. The current threshold amount for inventory purposes is five hundred dollars (\$500.) Items costing over the threshold amount specified in EC 35168, as it may be changed from time to time, will be tagged for inventory purposes and recorded as stipulated in the education code for property control purposes but only items that exceed the \$5,000 capitalization threshold will be considered capital assets for purposes of asset capitalization or depreciation.

### DEPRECIATION

Depreciation represents the recognition of the cost of an asset over time, by calculating its estimated loss in value during each accounting period. VCOE will utilize the straight-line method of depreciation over the useful life of the asset, within the guidelines established by the Internal Revenue Service as may be adjusted from time to time.

## DISPOSAL

Disposal of excess VCOE materials or equipment shall be in accordance with the Education Code, California Code of Regulations, Title 5 and the Administrative Regulations.

### Legal Reference:

#### EDUCATION CODE

1605            Property Title  
35168          Inventory of Equipment  
17545-17546   Sale of Personal Property

#### California Code of Regulations, Title 5

3946            Equipment Control  
16023          Class 1. Permanent Records  
16035          Historical Inventory of Equipment

#### UNITED STATES CODE, TITLE 20

2301-2471      Carl D. Perkins Vocational Education Act

#### CODE OF FEDERAL REGULATIONS, TITLE 34

80.1-80.52\_    Uniform administration requirements for grants to state and local governments