



BOARD POLICY

Subject: Capitalization

Established: 4/24/2013

Revised/Reviewed: 8/25/21

EQUIPMENT CAPITALIZATION

All equipment with a life expectancy of more than one year, and a cost of more than \$5,000.00 shall be capitalized starting July 1, 2013. All items with a cost of over \$250.00 and a life expectancy of over 1 year, shall be added to inventory and tracked.

Personal computing equipment and software shall be depreciated over a period of three years; all other equipment shall be depreciated over a period of five years.

LEASEHOLD IMPROVEMENTS

All improvements must cost \$50,000.00 or more. The improvement shall be depreciated on a straight line method, full month convention. All leasehold improvements shall be set up to be fully depreciated at the end of the current contract with the County of San Mateo (**currently June 30, 2025**).

A leasehold improvement shall be defined as: New construction, an addition to existing buildings, installation of material components to a building, or an improvement that would substantially prolong the useful life of the property. The costs of adding, replacing and installing new components and structural parts should be capitalized.

Costs to restore property to a like new condition should be capitalized, while expenditures made for the purpose of keeping the property in ordinarily efficient operating condition should be expensed.