

## **Meridian Valley Maintenance Association Capital Asset Policy**

Capital assets owned by the Meridian Valley Maintenance Association have the following characteristics:

- They are tangible (physical) and are clearly identifiable throughout their lifetime. They have an expected useful life of more than one year.
- They have an initial cost of \$1,000 or more including applicable taxes and related costs such as delivery charges and installation costs.

A capital expenditure is incurred when funds are used to purchase a capital asset or add to the value of an existing capital asset. Capital expenditures include:

- Acquiring a capital asset.
- Repairing an existing asset to extend its useful life. Upgrading an existing asset to improve its value.
- Adapting an existing asset to a new or different use.

In determining whether the cost of an asset meets the initial cost threshold, the number of items included is not significant. The total amount of the cost is.

The cost of a capital asset will be depreciated over its estimated useful life. Unless otherwise specified in the tax code, straight-line depreciation will be used.

Costs to maintain an asset in its current condition or repair the asset to return it to its normal operating condition are ordinary expenses and are charged in the year that they are incurred.

Capital assets will be separately identified in the bookkeeping system with unique account numbers and a sufficiently detailed description so that they are clearly identifiable.

Currently identified capital assets are listed below: Roads

- Storm Drain System
- Perimeter Fence
- Auto (Security Vehicle)
- Gates and Actuators Gate
- Control Electronics Gate
- House
- Creek Culverts
- Landscaping Signs