



# OLYMPIC VALLEY PUBLIC SERVICE DISTRICT BOARD REPORT



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**SUBJECT:** Review of Capital Asset Policy

**EXHIBIT:** F-11, 5 Pages

**AUTHOR:** Danielle Mueller, Finance &  
Administration Manager

**MEETING DATE:** January 27, 2026

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**RECOMMENDED ACTION:** Approve Resolution 2026-03 to adopt changes to the *Capital Asset Policy (Policy 2030)*.

**DISCUSSION:** The District's Capital Asset Policy was most recently reviewed and approved in May, 2020. The purpose of a Capital Asset Policy is to provide direction to staff on the application of generally accepted accounting principles (GAAP) for governmental entities, including applicable Governmental Accounting Standards Board (GASB) standards, as they relate to capital assets, and to inform the public and readers of the District's financial statements of decisions made and implemented where such discretion is allowed within the accounting standards.

Staff are recommending an update to the District's Capital Asset Policy to increase the minimum capitalization threshold from \$5,000 to \$10,000. The purpose of this change is to better align the policy with current operational practices and reduce the administrative effort associated with tracking and depreciating lower-cost assets, while continuing to ensure that significant capital investments are appropriately reflected in the District's financial statements.

The proposed \$10,000 capitalization threshold is consistent with common practice among similarly sized special districts and is permissible under GAAP for governmental entities, which allows management discretion based on materiality. This change would apply prospectively and is not expected to have a material impact on the District's financial statements. The District's auditors have been consulted regarding the proposed change and have indicated that the revised threshold is reasonable and consistent with industry practice.

The attached policy reflects the proposed revision. The Capital Asset Policy will continue to be reviewed periodically and updated as necessary.

**FISCAL/RESOURCE IMPACTS:** The Capital Asset policy establishes a protocol for when to capitalize an asset versus expense. There is no fiscal impact of approving this policy.

**ATTACHMENTS:** District Capital Asset Policy Tracked Changes (2 pages)  
Resolution 2026-03 (1 page)  
District Capital Asset Policy Clean Version (1 page)

**DATE PREPARED:** January 19, 2026

## Policy 2030 Capital Asset

### **PURPOSE**

The primary purpose of this Capital Asset Policy is to (a) provide direction to staff ~~for handling discretionary areas within~~ on the application of generally accepted accounting principles (GAAP) for governmental entities, including Governmental Accounting Standards Board (GASB) standards, as applied they relate to capital assets, and (b) to inform the public and readers of the District's financial statements of decisions made and implemented where such discretion is allowed within the accounting standards.

### **POLICY**

The intent of capitalizing assets owned by the District is to allocate the cost of capital outlay expenditures ~~spread the cost of an asset~~ over the useful life of the asset, rather than show the entire acquisition cost as an expense in the year it was acquired.

The capitalization of an asset is accomplished by (a) recording the full value (cost) on the statement of net position, (b) showing each year, as an expense (depreciation), that part of the asset which is used during a particular twelve month period, and (c) tracking on the statement of net position the sum of the annual expenses (accumulated depreciation) charged since the asset was first ~~acquired and~~ placed into service.

Capital projects or composite group purchases reported as capital outlay expenditures and approved as part of the Capital ~~Improvement~~ Budget shall be capitalized at the end of the fiscal year that the project or purchase is completed and accepted by the District's Board of Directors as an asset ~~to the District.~~

It is the District's policy not to capitalize any tangible or intangible project or purchase with a value of less than ~~\$5,000~~ 10,000 unless an individual purchase can be associated with a completed project or composite group of approved purchases. Capital ~~assets-outlay expenditures~~ with a value under the applicable capitalization parameters will be expensed on the financial statements in the year purchased ~~and recorded as such on the financial statements.~~

Capital ~~assets-outlay expenditures~~ exceeding the capitalization parameter will be reported on the District's Fiscal Year-End Financial Statements by increasing the value of total assets based on the historical cost in the year acquired. If an item is donated, it will be recorded at its estimated fair value at the time of the donation.

The straight-line method of depreciation will be used.

Intangible assets are defined as assets that lack physical substance, are nonfinancial in nature, and have a useful life extending beyond one year. Examples may include purchased or internally developed software, easements, water rights, and other similar rights.

Intangible assets shall be capitalized only when they are directly associated with a specific capital asset and exceed the District's capitalization threshold. Planning, engineering, or master plan studies that are not directly associated with the acquisition of a tangible or intangible capital asset shall not be capitalized, regardless of cost, and shall be expensed in the year incurred.

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~~From time to time the District performs Planning and / or Engineering studies or revises a Master Plan. If this study is not associated with a tangible asset, the study will not be capitalized, regardless of cost. Instead, it will be expensed in the year purchased and recorded as such on the financial statements.~~

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life will not be added to the value of the asset.

(Adopted 06-30-2020, [revised 1-27-2026](#))

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**RESOLUTION 2026-03**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
OLYMPIC VALLEY PUBLIC SERVICE DISTRICT  
ADOPTING REVISIONS TO THE CAPITAL ASSET POLICY (POLICY 2030)**

**WHEREAS**, the Olympic Valley Public Service District is an independent special district, organized under Water Code section 30000, et seq. in 1964; and

**WHEREAS**, the Board of Directors authorized the development of a District Policy Manual on July 25, 2006 to set forth operating policies applicable to all District employees, and appointed and elected officials; and

**WHEREAS**, the District adopted a Capital Asset Policy, policy number 2030, on June 30, 2020; and

**WHEREAS**, the purpose of the Capital Asset Policy is to provide direction to staff for handling discretionary areas within generally accepted accounting principles for governmental entities as applied to capital assets, and to inform the public and readers of the District's financial statements of decisions made and implemented where such discretion is allowed within the accounting standards; and

**WHEREAS**, revisions to the Capital Asset Policy are necessary to increase the minimum capitalization threshold from \$5,000 to \$10,000. This is to better align the policy with current operational practices and reduce the administrative effort associated with tracking and depreciating lower-cost assets, while continuing to ensure that significant capital investments are appropriately reflected in the District's financial statements.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Olympic Valley Public Service District hereby adopts revisions to the Capital Asset Policy, Policy Number 2030, a copy of which is attached hereto.

**PASSED AND ADOPTED** this 27<sup>th</sup> day of January, 2026 at a regular meeting of the Board of Directors of the Olympic Valley Public Service District, by the following vote on roll call:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

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Bill Hudson, Board Vice-President

ATTEST:

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Jessica Asher, Board Secretary

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Capital projects or composite group purchases reported as capital outlay expenditures and approved as part of the Capital Budget shall be capitalized at the end of the fiscal year that the project or purchase is completed and accepted by the District's Board of Directors as an asset.

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*(Adopted 06-30-2020, revised 1-27-2026)*

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