Resolution 1040
09-27-2010

Local Housing Authority
Updated Capitalization Policy

1.1 PURPOSE

The purpose of this updated Capitalization Policy of the Local Housing Authority is to determine, distinguish and record materials and non-expendable equipment and personal property purchased or acquired in connection with the development, management, and maintenance of public housing developments owned or operated by this Authority.

1.2 DEFINITION

A. If the initial cost of a piece of equipment and/or other personal property is Fifteen Hundred Dollars ($1500.00), (increased from $500.00), or more (excluding stoves and refrigerators) and the anticipated life or useful value of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure. Stoves and refrigerators are exempt from this policy as it is assumed that the useful life shall be greater than one year.

B. If the initial cost of the piece of equipment and/or personal property is less that Fifteen Hundred Dollars ($1500.00), (excluding stoves and refrigerators) or its useful life is less than one (1) year regardless of cost, the same shall be treated and recorded as materials or inventory and charged to maintenance, administration, or tenant services expense.

C. Stoves and refrigerators will be capitalized.

D. The Executive Director, or the Executive Director's designee, is authorized and directed to determine whether each piece of equipment or other personal property that is acquired by the Housing Authority in connection with the development, management and maintenance of properties owned or operated by the Housing Authority, shall be classified as material or non-expendable, as defined in A and B above. The Executive Director is further directed to ensure that the determination is documented in the appropriate records of the Housing Authority and retained for the information and guidance of its personnel and for audit purposes.

1.3 USEFUL LIFE OF ASSETS

Management has the responsibility to estimate useful lives and residual values of depreciable assets. Assets are depreciated over its useful life as determined by Internal Revenue Service guidelines.

CAPITALIZATION POLICY

The Local Housing Authority adopts the following capitalization policy for the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with the development, management, and maintenance of public housing developments owned or operated by this Authority.

A. If the initial cost of a piece of equipment and/or other personal property is Five Thousand Dollars ($5000.00) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

B. If the initial cost of the piece of equipment and/or personal property is less than Five Thousand Dollars ($5000.00) or its useful life is less than one (1) year regardless of cost, the same shall be treated and recorded as materials or inventory and charged to maintenance, administration, or tenant service expense.

C. The Executive Director, or the Executive Director's designee, is authorized and directed to determine whether each piece of equipment or other personal property that is acquired by the Housing Authority in connection with the development, management and maintenance of the properties owned or operated by the Housing Authority, shall be classified as material or non-expendable, as defined in the preceding sections. The Executive Director is further directed to ensure that the determination is documented in the appropriate records of the Housing Authority and retained for the information and guidance of its personnel and for audit purposes.

CAPITALIZATION POLICY

Part I Capitalization Principles

Items acquired shall be capitalized under the following principles:

1. The minimum value of an item shall be $1,500.00;
2. The expected length of service shall be three years;
3. The item must maintain its individual identity;
4. The item shall be repeatedly used with no need for frequent replacement.

Part II Depreciation Schedule

Capitalized items shall be depreciated annually by the straight line method using the following estimated life schedule.

Dwelling Construction

Original Development	40 years
Modernization	25 years
Comp Grant-	15 years

Equipment

Appliances	10 years
Office Furniture & Equipment	10 years
Maintenance Equipment	3 years
Community Space	7 years
Motor Vehicles	5 years

Revised: 08/90 Resolution No. 90-63
05/99 Resolution No. 99-36
11/99 Resolution No. 00-05
06/03 Resolution No. 03-53
08/13 Resolution No. 13-183