<<Parish/School Name>>

Capitalization Policy

This accounting policy establishes the criteria that shall be used to determine those items that will be recorded as capital assets on <<Parish/School Name’s>> financial statements. This policy and the treatment of capital assets are in accordance with Generally Accepted Accounting Principles (GAAP), as published by the Financial Accounting Standards Board (FASB), specifically Accounting Standards Codification (ASC) 360 Property, Plant, and Equipment.

Definition of an Asset and Thresholds

A capital asset is defined as a unit of tangible property with an expected economic useful life of greater than one year, which was acquired at a value equal to or greater than $5,000per item, including acquisition and installation costs.

Items meeting this definition will be recorded as a capital asset at historical cost as of the date placed into service and depreciated on a straight-line basis beginning with the month placed in service.

Asset Categories and Useful Lives

The records of all capital assets will be retained for seven years after disposal date. Items will be placed into the categories described below:

|  |  |  |  |
| --- | --- | --- | --- |
| Category | Description | Examples (include, but not limited to) | Useful Life |
| Educational Media | Instructional items | Text/reference books, audio/visual materials, classroom equipment, and computer software / hardware used for educational purposes. | 3-7 years |
| Equipment | Office, administrative, and other equipment  | Furniture, fixtures, computer software / hardware, copiers, and free-standing lockers | 3-10 years |
| Vehicles | Vehicles | Cars, trucks, vans, buses and other vehicles. | 5 years |
| Buildings | Buildings | Building, building components, roofing, lighting fixtures, built in lockers, HVAC systems, wiring systems, and windows. | 10-40 years |
| Land | Land and land preparation expenses | Demolition of existing building(s), site preparation, depreciation costs, and site improvements that make land ready for intended use. | NA as land is not subject to depreciation |
| Land Improvements | Add functionality to land. | Sidewalks, parking lots, fencing, installed playground equipment and landscaping. | 7-40 years |