

Policy Number: B-05	Review Date:
Original Date: January 2018	Revision Date:
Effective Date: April 2018	Revision Approval Date:
Prepared by: Policy and Planning Committee	
Board of Directors Committee Approval Date: January 2018	
Board of Directors Approval Date: April 2018	

Title: West Deanery Unified Catholic Schools (WDUCS) Fixed Asset Capitalization Policy

Policy: The organization defines a capital asset as tangible property, with a useful life longer than one year and a cost of \$3,000 or greater. In determining the cost, it should include the net invoice amount and any ancillary charges, such as installation costs and accessories, to make the project functional. If property is donated, the cost would be obtained by recognizing it at the fair market value at the time of the donation.

Purpose: To establish guidelines, standards, and safeguarding procedures for the capitalization of fixed assets.

Scope: Tangible property with a useful life longer than one year and a cost of \$3,000 or greater.

Procedure:

1.0 Application

1.1 **Construction-In-Progress:** At the end of the fiscal year, costs associated with uncompleted (building or renovation) projects will be accumulated on the balance sheet (CIP GL account) until such time as project is substantially complete or placed into service. At that time, the project will be aggregated and capitalized according to the capitalization policy.

1.2 **Bulk Purchases:** Similar items or items part of a larger group, with individual cost under the capitalization policy threshold will be capitalized as an asset based on the aggregate amount.

1.3 **Approval:** All potential capital projects and capital purchases require prior written approval from the President of the organization. Written permission is also required from the President for potential disposal of any capitalized assets. In cases involving vehicles or buses, the Director of Finance would need to secure proper insurance coverage prior to taking possession of vehicle. In any event, to ensure the proper accounting,

communication with the Director of Finance on any additions or disposal of assets is imperative.

- 1.4 **Depreciation Rate and Method:** The straight-line method of depreciation/amortization will be used in determining the appropriate depreciation rate of an asset. The useful life of an asset is determined by the Director of Finance at time of capitalization by referencing applicable standards.
- 1.5 **Recordkeeping:** An internal record of all capitalized assets will be kept by the Director of Finance. This list includes project/item name, date of purchase, cost and type. Asset categories include Land Improvements, Leasehold Improvements, Building Improvements, Building Service Equipment, and Equipment.