

## Title: Capitalization Policy

### Control Information

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### Revision History

Revision	Date	Revision Description	Originator
A	2/14/2013	Initial Release	Elisa Fairbanks
B	9/11/14	Numbering and format revision	

### 1.1. Objective:

The objective of this policy is the following:

1. Define depreciable assets
2. Set implementation process for reporting depreciable assets to auditors for preparation of financial statements in order to minimize risk of material misstatement to the financial statements

### 1.2. Definition of Depreciable Assets

Capital assets, which include property, plant, and equipment, are reported in the government- wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist.

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

### 1.3. Process for Reporting Depreciable Assets

Throughout the fiscal year an “Audit file” shall be maintained noting the date, amount, vendor, and description of the depreciable asset. When the auditor performs the yearly site visit, this file will be given to the auditor for reporting in the government-wide financial statements. The auditor will determine the amount of depreciation according to the asset class depreciable life.

### 1.4. Asset Class and Depreciable Lives

<u>ASSET TYPE</u>	<u>EXAMPLES</u>	<u>DEPRECIABLE IN YEARS</u>
<b>Non-Infrastructure</b>		
Furniture, office equipment	Desks, tables chairs	5
Computer Hardware	Monitor, CPU, printer	5
Telephone Equipment		10
 Motor Vehicles		
Cars and light trucks		5

<b><u>ASSET TYPE</u></b>	<b><u>EXAMPLES</u></b>	<b><u>DEPRECIABLE IN YEARS</u></b>
Buses	School, City	10
Fire trucks		15
Buildings - Temporary	T-buildings, other portable	25
Buildings		40
HVAC Systems	Air-conditioners, heating, ventilation systems	20
Roofing		20
Carpet Replacement		7
Electrical/Plumbing		30
Kitchen Equipment	Appliances	12
Heavy Construction Equipment	Backhoes, Trucks, Dozers, Large Tractors	10
Engineering, Scientific Equipment	Lab Equipment	10
Firefighting Equipment	Ladder, hoses	10
Police Special Equipment		10
Medical Equipment		5
Traffic Control Equipment	Stoplights	10
Radio, communications equipment	Mobile, portable radios	10
Recreational/Athletic Equipment	Weight machines, mats, golf carts, treadmills	10
Library Books	Collections	5
Artwork	Collections	5
Outdoor Equipment	Playground equipment, scoreboards, bleachers	20
Custodial Equipment	Floor scrubbers, vacuums, other	12
Grounds Equipment	Mowers, tractors and attachments	15
Land		N/A
Land Improvements - structure	Parking lots, sidewalks, bus ramp, fencing	20
Land Improvements - ground work	Golf Course, Ball field, park landscaping	30
Landfill Disposal Systems		25
Sewerage treatment plants		25
<b>Infrastructure</b>		
Easements		N/A
Drainage Systems		25

<u>ASSET TYPE</u>	<u>EXAMPLES</u>	<u>DEPRECIABLE IN YEARS</u>
Water systems		25
Sewerage disposal Works System		25
Roads		
Paved		40
Asphalt - rural		40
Asphalt - urban		20
Non-paved		50