

LUDLOW HOUSING AUTHORITY

EQUIPMENT CAPITALIZATION AND DEPRECIATION POLICY

The Ludlow Housing Authority Equipment Capitalization and Depreciation will be in conformity with the Federal Office of Management and Budget (OMB), A-133 Compliance Supplement-Part 3, Section F, Equipment and Real Property Management and Generally Accepted Accounting principles (GAAP). The policy will be effective for all programs and for the conversion to generally accepted accounting principles (GAAP).

Equipment having a useful life of more than one year and an acquisition cost of \$ 5,000.00 or more per unit, will be capitalized and depreciated over a FIVE (5) year period. The Authority will use straight-line depreciation method.

The Authority will establish a custodial inventory system for all stove and refrigerator purchases. In addition: The Authority will establish a custodial inventory listing, by program, for all equipment purchases between \$1,000 and \$ 4,999.99. The items in the custodial inventory system will NOT BE capitalized. The intent of the custodial inventory will be to track and monitor non-capitalized equipment.

The Authority shall maintain an equipment record system; tag items and a physical inventory will be taken at least once every two years. The physical inventory will be reconciled to the equipment record system and the general ledger.

The Authority will use appropriate controls to safeguard the equipment.

This policy shall be effective for all the Authority Programs, starting with the fiscal year ending September 30, 2016 and all fiscal years thereafter.

Last approved by the Ludlow Housing Authority Board of Commissioners on March 16, 2016.