



Legislation Details (With Text)

File #: 16-039 **Version:** 1
Type: Resolution **Status:** Agenda Ready
In control: Housing Authority of the City of Salem
On agenda: 8/8/2016 **Final action:** 8/8/2016
Title: Revision of Capitalization Policy to increase threshold for determining which Authority assets should be treated as capital costs from \$500 to \$1,500
Ward(s): All Wards
Commissioners(s): All Commissioners
Neighborhood(s): All Neighborhoods

Sponsors:

Indexes:

Code sections:

Attachments: 1. Resolution No. 2193, 2. Capitalization Policy

Date	Ver.	Action By	Action	Result
8/8/2016	1	Housing Authority of the City of Salem	adopted	Pass

TO: Chair and Housing Authority Commissioners

THROUGH: Steve Powers, Executive Director

FROM: Andrew Wilch, Housing Administrator

SUBJECT:

Revision of Capitalization Policy to increase threshold for determining which Authority assets should be treated as capital costs from \$500 to \$1,500

Ward(s): All Wards
Commissioners(s): All Commissioners
Neighborhood(s): All Neighborhoods

ISSUE:

Shall the Housing Authority Commission adopt Resolution No. 2193 revising the Authority's Capitalization Policy, and increasing the threshold at which assets are capitalized from \$500 to \$1,500?

RECOMMENDATION:

Adopt Resolution No. 2193 revising the Authority's Capitalization Policy, and increasing the threshold

at which assets are capitalized from \$500 to \$1,500.

SUMMARY AND BACKGROUND:

The purpose of the Authority's Capitalization Policy is to provide guidelines for determining whether an asset, such as a piece of equipment, fixture, or interest in real property may be capitalized (expensed over the useful life of the asset), or expensed in the year purchased. The current Capitalization Policy set the threshold at \$500 in November of 1998. This low threshold amount causes additional administrative work and typically includes items that are ordinary and necessary business expense to be depreciated over a period of time, instead of expensed within the current fiscal period.

FACTS AND FINDINGS:

Under the updated Internal Revenue Service's (IRS) regulations, and in accordance the Generally Accepted Accounting Principles (GAAP), which allow agencies with audited financial statements to establish capitalization minimum threshold amounts to up \$5,000. Upon the recommendation of our financial statement auditors and after reviewing the Authority's past purchases staff is recommending that the minimum threshold be increased to \$1,500.

Andrew Wilch
Housing Administrator

Attachments:

1. Resolution No. 2193
2. SHA Capitalization Policy

08/08/2016