

Policy No. 14

EDC Warren County Capitalization Policy

This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in EDC's annual financial statements.

Definition: Capital Asset – A capital asset is defined as a unit of tangible property that: (1) has an economic useful life of more than 12 months; and (2) was acquired or produced for a cost of more than \$2,500, including acquisition and installation costs on the same invoice. Capital assets must be capitalized and depreciated for financial statement purposes.

Capitalization thresholds – EDC establishes \$2,500 as the threshold amount for minimum capitalization of tangible property. Any items costing below this amount will be expensed in EDC's annual financial statements.

Capitalization method and procedure – All capital assets are recorded at historical cost as of the date acquired. Tangible assets costing below the aforementioned threshold amount are recorded as an expense in EDC's annual financial statements. Invoices substantiating the acquisition cost of each unit of property shall be retained for a minimum of five years.

All capital assets acquired will be purchased in compliance with EDC's Procurement Policy.

Adopted March 2014

Affirmed March 22, 2022