

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT  
AGENCY**

**CAPITALIZATION POLICY**

**1. Scope**

This Capitalization Policy establishes the minimum cost (capitalization amount) that shall be used to determine the Capital Assets that are to be recorded in County of Sullivan Industrial Development Agency (“Agency”) annual financial statements.

**2. Capital Asset Definition**

A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life exceeding one year; and (2) has an acquisition cost of \$1,000.00 or more. Capital Assets must be capitalized and depreciated for financial statement purposes. Items costing under \$1,000.00 or having an economic useful life of one year or less are to be expensed in the Agency’s financial statements. The Agency will not regard the purchase of software programs as fixed assets subject to this Capitalization Policy.

**3. Capitalization Threshold**

The Agency establishes \$1,000.00 as the threshold amount for minimum capitalization.

**4. Capitalization Procedure**

All Capital Assets are recorded at historical cost as of the date acquired.

**5. Donated Property**

Donated property, plant and equipment are recorded at the estimated fair market value at the date of donation.

**6. Other Considerations**

Repairs are expenditures that keep property in ordinary efficient operating condition. The cost of a repair does not add to the value or prolong the life of the property. All repair expenditures are to be expensed.

Improvements are expenditures for additions, alterations, and renovations that prolong the life of a unit of property, materially increase its value, or adapt it to a different use. Improvements are to be capitalized.

**7. Recordkeeping**

Invoices documenting the cost of each unit of property shall be retained for a minimum of seven years.

Adopted this 11<sup>th</sup> day of December, 2023.