

## **Orange County Funding Corporation (OCFC) Capitalization Policy**

### 1. Purpose

This accounting policy establishes the minimum cost \$5,000.00 that shall be used to determine the capital assets that are to be recorded in **OCFC** annual financial statements (or books).

### 2. Capital Asset definition

A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; **and** (2) was acquired or produced for a cost of \$5,000.00 or more. Capital Assets must be capitalized and depreciated for financial statement (or bookkeeping) purposes.

### 3. Capitalization thresholds

**OCFC** establishes \$5,000.00 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in **OCFC** financial statements (or books).

### 4. 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 for **OCFC** annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

### 5. Recordkeeping

Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of four years.