

CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY

Capital Purchases & Capitalization Threshold Policy

Definition and Threshold:

Capital purchases comprise furniture, fixtures, equipment, software, leasehold improvements, repair and maintenance of properties etc. that meet two criteria:

- (1) A useful life of more than one year, and
- (2) Cost more than a certain amount.

The Agency Board of Directors has established \$10,000 as the threshold amount for capitalization.

Procurement:

All Agency purchases will follow the agency approved procurement policy.

Approval:

The Agency Budget is updated each year and should include proposed capital purchases that are anticipated to take place during the year. Those purchases itemized within the approved budget are considered approved.

The Agency's Budget includes a discretionary funding that can be assessed by the Executive Director without prior approval, provided resources are available, and with the stipulation that such spending follows the agency approved travel and discretionary spending policy.

Capital purchases not within the approved budget, or beyond the scope of the discretionary fund, must be specifically approved by the Board. To seek such approval the Executive Director must provide the price and rationale for the purchase and assurance of availability of financial resources to support the purchase.

Record keeping

The Agency shall maintain a list of fixed assets showing the date of acquisition and its cost. This listing will be reviewed annually prior to the financial statement audit process for necessary additions and disposals. The Agency shall keep on file documentation for each purchase.

For each purchase, the Executive Director shall evaluate whether the acquisition will have an impact on insurance coverage, determine if present coverage valuations are adequate, and obtain additional coverage if necessary.

Approved and Adopted this 26th day of April, 2018

Reviewed & Approved 10/4/18
Reviewed & Approved 10/3/19
Reviewed & Approved 10/1/20
Reviewed & Approved 10/14/21
Reviewed & Approved 10/27/22
Reviewed & Approved 12/14/23
Reviewed & Approved 12/12/24