

CAPITALIZATION POLICY

1. **Purpose**

This Policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets to be recorded in the accounting records (books) and financial statements of the Billerica Housing Authority.

2. **Capital Asset Definition and Thresholds**

A “Capital Asset” is a unit of property with a useful life exceeding one year and a per unit acquisition cost **exceeding \$5,000**. Capital assets will be capitalized and depreciated over their useful lives. The full acquisition cost of tangible personal property below these thresholds will be expensed in the year purchased.

3. **Capitalization Method and Procedure**

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

Tangible assets costing below the threshold amount are recorded as an expense in the accounting records and financial statements of the Billerica Housing Authority. In addition, assets with an economic useful life of 12 months or less must be expensed for both book and financial reporting purposes.

Adopted by The Billerica Housing Authority Board of Commissioners on July 8, 2021