



**Oregon Juvenile Department Directors' Association**  
*Representing Oregon's County Juvenile Departments*

**CAPITALIZATION POLICY**

**Capital Asset Definition**

The term Capital Asset means tangible property that (1) has a useful life extending beyond a 12-month period and (2) has a cost that exceeds the Capitalization Threshold (defined below). The term Capital Asset may include equipment and computers or similar technology equipment. The term Capital Asset does not include items of inventory that are included in the Association's cost of goods or other property, the cost of which is directly billed to a client or customer.

**Capitalization Threshold**

The Capitalization Threshold is \$5,000 per invoice (or per item as substantiated by the invoice). The cost includes any additional costs (for example, delivery fees, installation fees, or similar costs) included on the same invoice with the item(s) plus certain other costs (including allocable interest charges) incurred to bring the asset to the condition and location necessary for its intended use. Improvements of Capital Assets that increase the economic performance of the asset beyond what was anticipated at the asset's original acquisition are capitalized. Maintenance and repairs that do not improve or extend the lives of Capital Assets are charged to expenses when incurred.

**Capitalization Method**

The Association will record a Capital Asset on its balance sheet at the appropriate historical costs as of the date acquired.