POLICY #45

Threshold for Capitalizing In-House Developed Software

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POLICY: To establish a threshold for capitalizing in-house developed software.

PROCEDURE: In accordance with guidelines established by GASB 51 and communicated by the State Examiners office, a threshold of expenditures exceeding $25,000 is hereby established for the development of in-house designed software. Software development costs that equals or exceeds the $25,000 threshold limit will be capitalized while software development cost below the $25,000 threshold will be expensed.

The capitalization limit pertains to in-house labor expenditures occurring after the initial design of the software and continuing until the software is implemented.