



MENDOCINO COUNTY TOURISM COMMISSION CAPITALIZATION POLICY – DRAFT

Assets are acquired occasionally through its normal operations for the Mendocino County Tourism Commission. These assets may be acquired through purchase and/or donation. In the case of non-monetary or purchased equipment, materials or real property a decision must be made whether to capitalize that asset or, in the case of a purchase, expense it.

The following criteria will apply when deciding whether or not to capitalize a newly acquired asset.

1. The acquisition cost, or in the case of a donation have a value of \$3,500 or more
2. The acquisition has a projected useful life of five (5) years or more
3. The purchase has a repair or improvement to an existing asset, if the repair or improvement meet the criteria of both one and two above

If an acquisition meets the criteria above, it may be entered appropriately into the accounting system as a capital asset. If not, it must be expensed in the month it was acquired.

Even if an acquisition meets the criteria of a capital asset it must be approved as such by the Executive Director at the time of acquisition. The Chief Executive Officer may, at their discretion, decide to expense an item even if it otherwise meets the requirements stated above for being classified as a capital asset. If the acquisition does not meet the criteria of 1, 2 and 3 above, however, it must be expensed and cannot be capitalized.