

RESOLUTION NO. 2023-310

RESOLUTION OF THE MENDOCINO CITY COMMUNITY SERVICES DISTRICT
AUTHORIZING A FIXED ASSETS CAPITALIZATION POLICY AND PROCEDURES

WHEREAS, in accordance with the Governmental Accounting Standards Board (GASB), which requires all government entities to have in place a fixed asset and capitalization policy; and

WHEREAS, in order to adhere to sound financial management practices, the Mendocino City Community Services District wishes to adopt and maintain a fixed assets capitalization policy and adhere to industry standards; and

WHEREAS, presented here as Attachment A is a Capitalization Policy for MCCSD to follow

NOW, THEREFORE, IT IS RESOLVED, that the Board of Directors hereby authorizes the fixed assets capitalization policy, as Attachment A.

PASSED AND ADOPTED by the Board of Directors of the Mendocino City Community Services District at the Regular Meeting on February 6, 2023 by the following vote:

ROLL CALL VOTE: AYES: 4

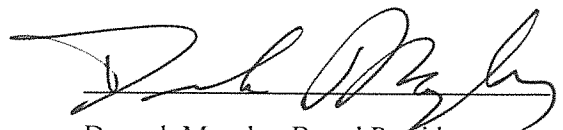
NOES: 0

ABSENT: 1 (Ishwri Ann)

ATTEST:



Katie Bates, District Secretary



Dennak Murphy, Board President

Attachment A

1. Purpose

The accounting 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 business.

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 \$10,000 for furniture and \$30,000 for buildings, improvements, infrastructure, and the right to use intangible assets and related liabilities (leases)**. 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 Procedures

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

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

4. Documentation

Invoices substantiating the acquisition cost of each unit of property are to be retained for a minimum of 7 (seven) years.