



Northern Virginia Regional Commission

RESOLUTION

Resolution No. 18-17

PATRON: Robert W. Lazaro, Jr.
Executive Director
DATE: November 30, 2017

CAPITALIZATION POLICY

WHEREAS, NVRC has maintained for at least forty years a practice of capitalizing the cost of any furniture or equipment purchased for more than \$500; and

WHEREAS, these capitalized expenditures have been depreciated over the expected useful life of the items – usually 5-7 years – so that an equitable share of the expense has been recorded for each year of the items' useful lives; and

WHEREAS, in a management letter accompanying the Commission's FY 2017 audited financial statements, the auditor recommended establishing a formal, written capitalization policy including the threshold at which items will be capitalized, and a list of useful lives for each category of assets; and

WHEREAS, the Commission's consulting CPA has recommended that the threshold be raised from \$500 to \$2,500, recognizing the general increase in the cost of goods over the past forty years and the levels at which other organizations similar to NVRC currently are operating;

THEREFORE BE IT RESOLVED, NVRC adopts as a formal accounting policy the attached Capitalization Policy dated November 30, 2017 and directs the Executive Director to implement the policy immediately.