

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2007-1048**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING CAPITALIZATION POLICY**

WHEREAS, the Nipomo Community Services District (herein "District") adopted Resolution 2002-803 on January 9, 2002 which established a capitalization policy for capital assets and accounting for fees collected from developers for sewer sags; and

WHEREAS, the District's Auditor, Crosby and Cindrich, CPAs, recommends the District amend its capitalization policy; and

WHEREAS, the Standards and Specifications for Water and Sewer System Improvements adopted on September 12, 2007 does not allow for sewer sags, therefore, the policy for accounting for fees collected from developers for sewer sags is no longer necessary; and

WHEREAS, based on the staff report, staff presentation and public comment, the District finds that the policy established by this Resolution is fair and reasonable.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AS FOLLOWS:

1. Resolution 2002-803 is rescinded in its entirety.
2. The Capitalization Policy is attached hereto as Exhibit "A".

On the motion by Director Vierheilig, seconded by Director Eby, and on the following roll call vote, to wit:

AYES: Directors Vierheilig, Eby, Harrison, Trotter, and Winn
NOES: None
ABSENT: None
ABSTAIN: None

the foregoing resolution is hereby adopted this 14th day of November, 2007.




Michael Winn, President
Nipomo Community Services District

ATTEST:



Donna K. Johnson
Secretary to the Board

APPROVED AS TO FORM:



Jon S. Seitz
General Counsel

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EXHIBIT "A"

CAPITALIZATION POLICY

The term "capital asset" is used to describe assets that are used in operations that have initial lives extending beyond a single reporting period. Capital assets may be either intangible (e.g., easements, water rights) or tangible (e.g., land, buildings, building improvements, vehicles, machinery, equipment and infrastructure).

Items with extremely short useful lives (e.g., less than 2 years) or of small monetary value are reported as an "expense" or "expenditure" in the period in which they are acquired.

Capitalization thresholds are as follows:

1. Tangible capital-type items should be capitalized only if they have an estimated useful life of at least two years following the date of acquisition.
2. Capitalization thresholds shall be applied to individual items rather than to groups of similar items (e.g., chairs, tables).
3. The capitalization threshold shall be greater than \$5,000.00.
4. If NCSD is the recipient of any federal/state award to acquire capital-type assets, the capitalization thresholds shall be governed by the awarding agency's contract documents.
5. Even though assets less than \$5,000.00 are not capitalized, the NCSD shall exercise control over them.