

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2023-1682**

**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 2007-1048 on November 14, 2007 which established a capitalization policy for capital assets and accounting for fees collected from developers for sewer sags; and

**WHEREAS**, the District's Auditor, Rogers, Anderson, Malody & Scott, LLP, recommends the District amend its capitalization policy; 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 Resolution 2007-1048 is rescinded in its entirety.
2. The Capitalization Policy is attached hereto as Exhibit "A".

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

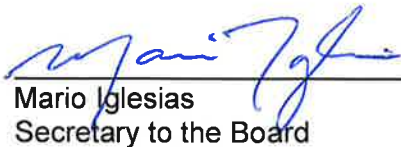
AYES:            *Directors Gaddis, Eby, and Hansen*  
NOES:            *NONE*  
ABSENT:        *Directors Malvarose and Woodson*  
ABSTAIN:       *NONE*

the foregoing resolution is hereby adopted this 13<sup>th</sup> day of September, 2023.



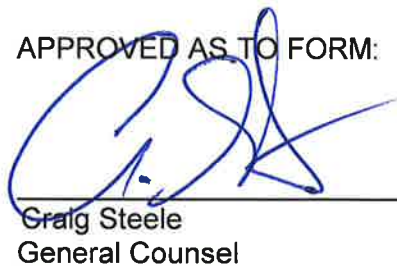
Richard Malvarose, President  
Nipomo Community Services District

ATTEST:



Mario Iglesias  
Secretary to the Board

APPROVED AS TO FORM:



Craig Steele  
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 for Computer Equipment, Office Furniture and Fixtures, greater than \$20,000.00 for Buildings, Land and Land Rights, Machinery and Equipment, Sanitation Collection/Treatment, Water-Transmission/Pumping/Distribution and Vehicles.
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 if an asset is not capitalized, the District shall exercise control over them.