

RESOLUTION NO. 0804-01

**A RESOLUTION ADOPTING A CAPITALIZATION
POLICY FOR SEAL ROCK WATER DISTRICT**

WHEREAS, the Seal Rock Water District Board of Commissioners has determined that the best interest of the District could be served by adopting a Capitalization Policy.

NOW, THEREFORE BE IT RESOLVED that the District hereby adopts the following Capitalization Policy for the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with the operation, development, management and maintenance of the Seal Rock Water District.

A. If the initial cost of a piece of equipment and/or personal property is TWO THOUSAND FIVE HUNDRED DOLLARS (\$ 2500.00) or more and the anticipated life or useful value of the equipment or property is more than one (1) year, it shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure in the appropriate fund.

B. If the initial cost of a piece of equipment and/or personal property is less than TWO THOUSAND FIVE HUNDRED DOLLARS (\$ 2500.00) or its useful life is less than (1) year regardless of cost, it shall be treated and recorded as materials or inventory and charged to maintenance, administration or equipment expense in the appropriate fund.

The Superintendent and/or the Chief Accountant is authorized and directed to determining whether each piece of equipment or other personal property that is acquired by the District in connection with the operation, development, management and maintenance of the properties owned or operated by the District shall be classified as material or non-expendable, as defined in the preceding sections. The Chief Accountant is further directed to ensure that the determination is documented in the appropriate records of the Seal Rock Water District and retained for the information and guidance of its personnel and for audit purposes.

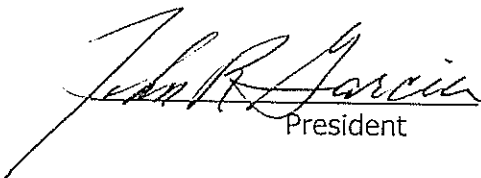
APPROVED AND ADOPTED by the Seal Rock Water District Board of Commissioners on this 12 day of AUGUST, 2004.

APPROVED AND SIGNED by the President of Seal Rock Water District Board of Commissioners on this 12 day of AUGUST, 2004.

ATTEST:



Secretary



President