

CAPITALIZATION THRESHOLD POLICY

This policy was approved by the Board of Trustees for the MILL CREEK WATER RECLAMATION DISTRICT
on August 25, 2015.

Definition and Threshold:

Capital purchases comprise equipment, furniture, fixtures, system improvements, etc. that meet two criteria:

- 1) a useful life of more than one year, and
- 2) cost more than a certain amount; to-wit \$5,000.00.

Bidding and Contact Procedures: The MILL CREEK WATER RECLAMATION DISTRICT Board of Directors has heretofore adopted Ordinance Number 2013-02, An Ordinance Establishing the Rules and Protocol for Bidding and Contract Procedures.

Approval:

The District's Capital Budget is established each fiscal year and should include proposed capital purchases that are anticipated to take place during the year. Subject to any requisite bidding protocol, the proposed capital purchases itemized within the approved capital budget are considered approved.

The District's Operating Budget includes funds for repairs and maintenance that can be accessed by the District's operating engineer in emergency situations subject to the protocol set forth in Ordinance Number 2013-02.

Capital purchases not within the approved capital budget, or beyond the scope of the repairs and maintenance fund, must be specifically approved by the Board of Trustees in accordance with the procedures under Ordinance Number 2013-02.

Recordkeeping:

The District shall maintain a list of fixed assets showing the date of the acquisition, its cost, and a schedule for depreciation of the asset. The District shall keep on file documentation for each purchase.

Annual depreciation expense will be included in District's annual operating budget.

For each purchase, the Board of Trustees shall evaluate whether the acquisition will have an impact on insurance coverage, determine if present coverage valuations are adequate, and obtain additional coverage if necessary.