

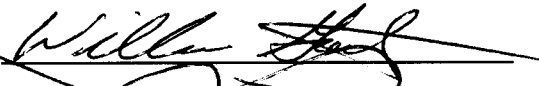
Memo

To: Board of Directors
From: Barbara Carawan
CC:
Date: 7/10/2018
Re: Capitalization Policy (HNWS)

This action is to approve the Capitalization Policy as attached.

If you agree with these actions please sign below. If you do not agree please place NO on the signature blank and initial. **(Note this has to be a unanimous decision to pass)**

William Gortel



Daryl Lynchard



Mark Miller



This will be a Board Action without a meeting and will be recorded as such in accordance with Chapter 617 F.S.

HOLLEY NAVARRE WATER SYSTEM

Accounting Policy for Capitalization of Assets

Purpose:

This accounting policy establishes the minimum cost that shall be used to determine the capital assets to be recorded in the accounting records and financial statements of Holley Navarre Water System.

Capital Asset Definition, Thresholds and Procedures:

Holley Navarre Water System considers a fixed asset to be a tangible asset purchased for use in the day-to-day operations of the company from which an economic benefit will be derived over a period greater than 12 months. Fixed assets include items such as buildings, leasehold improvements, equipment, office furniture, fixtures, computers, and other related technology equipment.

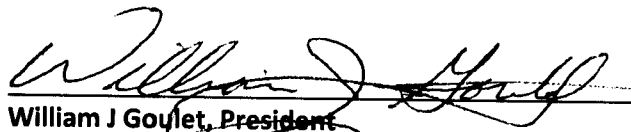
The System capitalizes property and equipment costing \$5,000.00 or more (including transactional and other costs related to the acquisition) and has an estimated useful life of 12 months or more, all other acquisitions are expensed in the period the asset is acquired. Property acquired through purchase is stated at cost. Internally constructed property is recorded at the cost of materials, labor and in-house engineering costs (estimated to be 10% of materials and labor. Property contributed by members and developers is recorded at its estimated fair value at the date received. Depreciation is computed using straight-line methods based on asset lives.

Where a fixed asset is made functional or useful by multiple individual purchases, the entire cost shall be considered.

Where projects are bid or paid for in lump sum but consist of multiple components having varying life spans, the fixed assets shall be recorded such that fixed assets of varying lifespans are identified separately. Where possible individual components shall be recorded in detail to provide for ease of elimination when replaced or repaired.

Management will periodically review these levels and make any modifications necessary.

Passed and adopted by the Board of Directors of Holley-Navarre Water System, Inc., on this 13 of July, 2018.



William J Goulet, President

7/13/18

Date



Attest: Doug Larson, Secretary/Treasurer

7/13/18

Date