



WEST BASIN MUNICIPAL WATER DISTRICT
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746

AGENDA NO. 21

JANUARY 13, 2010 – Finance
Smith(Chair), Dear
JANUARY 25, 2010 – Board Meeting
Prepared by: Mary-Ann Rexroad
Submitted by: Margaret Moggia
Approved by: Rich Nagel

ACTION CALENDAR

CAPITALIZATION POLICY AMENDMENT

SUMMARY:

As West Basin Municipal Water District (West Basin) continues to carry out its Water Reliability 2020 Program and expand the water recycling water system, invest in the Ocean-Water Desalination Program, and maintain its existing facilities, a large amount of the funds will be expended to build capital facilities. To account for these capital improvements appropriately, in May 2009 West Basin adopted a Capitalization Policy to provide guidance for the capitalization and depreciation of its assets.

In order to further clarify the determination of costs that may be capitalized, staff is recommending an amendment to the Capitalization Policy. The recommended language was reviewed by West Basin's auditors, Mayer Hoffman McCann, and is highlighted on page 4 of the policy attached as Exhibit "A".

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 4: Sound Financial and Resources Management – West Basin is committed to efficient business operations, financial planning, and asset management.

FISCAL IMPACTS:

The amended Capitalization Policy allows for appropriate budgeting and recording of capital expenditures.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on January 13, 2010 recommended for approval at the January 25, 2010 Board meeting.

RECOMMENDED MOTION:

That the Board approves amending the Capitalization Policy as shown in Exhibit "A".

LIST OF EXHIBITS:

Exhibit "A" – West Basin Municipal Water District Capitalization Policy