

555: Capital Asset Policy

1.0 Purpose

1.1. This policy is established to provide guidelines to ensure adequate stewardship over Tukwila Pool Metropolitan Park District (District) resources through control and accountability of capital assets, and to collect and maintain complete and accurate capital assets information required for preparation of financial statements in accordance with generally accepted accounting principles.

2.0 Definitions

2.1. Fixed Assets. Fixed assets are tangible, non-consumable items including, but not limited to: land, buildings, machinery, equipment, and vehicles owned by the District valued at \$5,000 or more with a life expectancy of over one year. The value of the fixed asset includes the purchase price plus sales tax, as well as costs to acquire (shipping and handling), install (excluding site preparation costs), secure, and prepare an item for its intended use. The original purchase of a software program is considered a fixed asset if it meets the \$5,000 threshold established above. Improvements to an existing asset that extends the life of the asset are capitalized and depreciated over the remaining useful life of the related asset.

2.2. Small & Attractive Assets. Assets valued at less than \$5,000 that are defined as high risk for theft. These assets are not normally consumed within one year. These assets may include items in one or more of the following categories:

2.2.1. Portable and marketable, either alone or as a component unit.

2.2.2. Assets that can be utilized for personal gain.

2.2.3. Assets repeatedly reported as lost and/or stolen within the industry and society.

3.0 Capitalization Threshold

3.1. All assets with a cost of \$5,000 or more shall be capitalized. Although *Small & Attractive Assets* (assets costing less than \$5,000) do not meet the District's capitalization threshold, they are considered assets for purposes of marking and identification, recordkeeping, and tracking.

4.0 Improvement/Repair/Maintenance Expenses

4.1. Routine repair and maintenance costs should be expensed as they are incurred and will not be capitalized. Major repairs will be capitalized if they result in betterments/improvements to the District's capital assets. To the extent that a project replaces the "old" part of a capital asset, outlays will not be capitalized; and to the extent that the project is betterment/improvement, outlays will be capitalized.

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5.0 Expected Useful Life of Assets

- 5.1. The District should use the IRS Publication *946 Table of Class Lives and Recovery Periods* or as such publication is updated, modified, or amended, to determine the life of acquired assets.

6.0 Revision of Expected Useful Life

- 6.1. The State of Washington Office of State Auditor *Accounting Guidance* manual, states “As the District uses its capital assets, it may need to revise the expected useful life of some of them. Any such changes should be applied prospectively; that is, the rate should be recalculated based on the remaining useful life at the time of the revision, and the new rate should be applied in the present and future accounting periods. No changes should be made to financial records of previous years for revised estimates.”

7.0 Tagging New Assets

- 7.1. All assets fitting descriptions of a fixed asset, small and attractive asset, and/or high-risk asset (other than infrastructure, vehicles, small tools, and computer components) should be recorded and identified by a serial, model, or other identifying number on the District Fixed Asset Log maintained by the Executive Director or Board Designee and District Accountant. All assets that are surplus or traded-in should be removed from the fixed asset inventory and the tag listing.

8.0 Disposal of Surplus Items

- 8.1. Prior to disposing of surplus property, the Board must first declare the asset to be surplus to the needs of the District by Resolution. If the asset is to be sold, it should then be sold in accordance with applicable state law using commercially reasonable means. If an asset has no market value or is no longer in working order and cannot reasonably be repaired for re-sale, the Executive Director or Board Designee, may dispose of the asset. The Executive Director or Board Designee and one witness should sign an Affidavit of Destruction/Disposition (Attachment A). The Executive Director or Board Designee, should retain the Affidavit of Destruction/Disposition.
- 8.2. Before an asset that was purchased with grant funds is sold or otherwise disposed of the Executive Director or Board Designee must refer to the relevant grant agreement and, if required by the grant, follow the prescribed procedures for disposition.

9.0 Lost, Stolen, or Missing Property

- 9.1. When suspected or known losses of capital assets or small and attractive items occur, staff should conduct a search for the missing property. If the missing property is not found:
 - 9.1.1. Notify the Executive Director or Board Designee.
 - 9.1.2. Have the individual deemed to be primarily responsible for the asset, as well as that individual’s supervisor, complete and sign a statement to include a description of events surrounding the disappearance of the property, who was notified of the loss, and steps taken to locate the property.

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9.1.3. The Executive Director or Board Designee should report known or suspected losses of capital assets to the State Auditor's office in accordance with RCW 43.09.185, and a copy of the report should be provided to the Board.

ATTACHMENT A

AFFIDAVIT OF ASSET DESTRUCTION/DISPOSITION
STATE OF WASHINGTON
King County

Tukwila Pool Metropolitan Park District

I, _____, being first duly sworn upon oath, state that I have destroyed/disposed of _____, asset no. _____, in the proper manner detailed below, and that said destruction/disposition was witnessed by _____.

Destruction/Disposition Method:

Sale Recycled Thrown Away

Date of Destruction/Disposition: _____

Name of Recycle Service, if applicable: _____

Any additional pertinent information: If sold through a District sale process or action, provide the following detail:

Disposal Business Name: _____

Date Sent: _____

Scheduled Sale Date: _____ Name

of Contact: _____ Signed:

Subscribed and sworn on this day of _____, _____.

Affiant Signature: _____

Witness Signature: _____