

SOUTHWEST SUBURBAN SEWER DISTRICT

RESOLUTION 2024-07-01

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF SOUTHWEST SUBURBAN SEWER DISTRICT, KING COUNTY, WASHINGTON, ADOPTING SOUTHWEST SUBURBAN SEWER DISTRICT CAPITAL ASSETS POLICY TO DISTRICT FINANCIAL MANAGEMENT POLICIES.

WHEREAS, the District shall follow the written policies for control and accountability of capital assets as established within the Financial Management Policies (FMP); and

WHEREAS, the District shall follow the written policies for procurement of all goods and services as established within the (FMP); and

WHEREAS, the District shall follow the written policies for bank accounts and fund management as established within the (FMP); and

WHEREAS, the District shall follow the written policies for revenue sufficiency's as established within the (FMP); and

WHEREAS, the District shall follow the written policies for sustainability of infrastructure as established within the (FMP); and

WHEREAS, the District shall follow the written policies for debt management as established within the (FMP); and

WHEREAS, the District shall follow the written policies for reserves as established within the (FMP); and

WHEREAS, the District shall follow the written policies for fraud as established within the (FMP); and

WHEREAS, the District shall follow the written policies for all other accounting practices as established within the (FMP).

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington:

1. Effective July 2nd, 2024, the Southwest Suburban Sewer District Procurement Policy shall be adopted as identified, attached hereto and incorporated herein.

This resolution and the policies set forth herein shall be effective the date set forth below. All District resolutions, policies and procedures are hereby amended, rescinded and/or superseded to be in accordance with the provisions of this resolution.

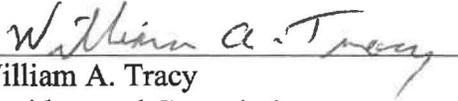
[Signatures on following page]

ADOPTED by the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington, at a regular meeting thereof held this 2nd day of July, 2024.

Individual Commissioners

Vote on Resolution

In Favor of:
Opposed:
Abstained:



William A. Tracy
President and Commissioner

In Favor of:
Opposed:
Abstained:



Scott Hilsen
Vice President and Commissioner

In Favor of:
Opposed:
Abstained:



Susan Genzale
Secretary and Commissioner

CERTIFICATE

I, Susan Genzale, Secretary of the Board of Commissioners of Southwest Suburban Sewer District, King County, Washington, do hereby certify that the foregoing resolution is a true and correct copy of Resolution No. 2024-07-01 of such Board, duly adopted at a regular meeting thereof held on the 2nd day of July, 2024 signed by the members of such Board in attendance at such meeting and attested by myself in authentication of such adoption.



Susan Genzale
Secretary of the Board of Commissioners
Southwest Suburban Sewer District



Southwest Suburban Sewer District

Dedicated to Preserve the Purity of Your Environment

Capital Assets Policy

JUNE 2024

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CAPITAL ASSETS POLICY

1. Purpose

This policy is established to provide guidelines to ensure adequate stewardship over 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. 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

Small and Attractive Assets - are items that cost less than \$5,000, and are particularly at risk or vulnerable to loss, theft, or misuse. These assets last longer than a year, are mobile and might be easily replaced through a procurement system without raising suspicion. Departments have discretion in defining small and attractive assets in many instances; however, departments must include, at a minimum, the following assets with unit costs of \$500 or more as small and attractive:

- Handheld radios and other electronics
- Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Range finders
- Cameras and Photographic Projection Equipment
- Computers, Laptops and Notebooks (included in the Information Technology Department's asset listing)
- Other data processing Accessory Equipment and Components (Scanners, Data Displays, Video Cameras, tape recorders, DVD players, television sets, phones, etc.)
- Office Equipment
- Shop tools, maintenance power equipment, and related accessories.

3. Applicability

This policy applies to all departments of the District. The term "Department" is defined to include every department, division, board and commission.

4. Department Responsibilities

Departments are responsible for protecting and controlling the use of District assets assigned to their department. The department head must designate one or more Department Inventory coordinator to be responsible for maintaining and safeguarding the department's capital assets and small and attractive assets.

Any time a capital asset is purchased, surplused, sold, or transferred to another department, the Department Inventory coordinator will complete a Capital Asset Record form which will be submitted to the Finance Department with the related documentation. The Finance department will maintain a complete list of all capital assets.

Each department has discretion in determining what is operationally appropriate for designation as a small and attractive asset. They will identify small and attractive assets based on a risk assessment. The small and attractive assets deemed vulnerable to loss will be recorded on the Small & Attractive Assets Record form and tracked by the individual departments and Finance department. Each department is responsible to maintain their small and attractive assets list, and to conduct annual inventory or spot checks of their small and attractive assets with Finance department.

5. Capitalization Threshold

All assets with a cost of \$5,000 or more shall be capitalized. Although Small & Attractive Assets (assets costing less than \$5,000 and with unit cost of \$500 or more) do not meet the District's capitalization threshold, they are considered assets for purposes of marking and identification, recordkeeping, and tracking.

6. Improvement/Repair/Maintenance Expenses

Routine repair and maintenance costs will 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.

7. Depreciation Method and Expected Useful Life of Assets

All assets are depreciated using the straight line method of depreciation. The District shall 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. The estimated life of acquired assets are assigned in the following manner:

- Lift Station Electrical & Mechanical – 20 years
- Lift Station Structures – 30 years
- Office Equipment electrical – 5 years

Office Furniture, Fixtures, and Equipment non-electrical – 10 years
Reservoir Structures and Improvements – 100 years
Shop Tools – 10 years
Telemetry/SCADA – 10 years
Treatment Plant Electrical & Mechanical – 20 years
Treatment Plant Structures – 50 years
Vehicles – 10 years
Wastewater Services – 50 years
Wastewater Cast Iron, Ductile Iron & Concrete Mains – 50 years
Wastewater PVC Mains – 75 years

8. Revision of Expected Useful Life

The State of Washington Office of State Auditor Accounting Guidance (GAAP) Public Utility Districts and Other Proprietary-Type Districts 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."

9. Tagging New Assets

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) shall be recorded on asset listings maintained by each Department and the Finance Department.

All assets that are surplus or traded-in shall be removed from the fixed asset inventory and the tag listing.

10. Disposal of Surplus Items

Before an asset is sold or otherwise disposed of, it must first be determined if the asset had originally been purchased with grant monies. If this is the case, the District must refer to the grant agreement and follow prescribed procedures for disposition. The Board must first declare an asset surplus before it can be sold, or otherwise disposed of. If the asset is to be sold, it will then be sold in accordance with applicable state law. If the asset is no longer in working order and cannot reasonably be repaired for re-sale, the department manager, along with one other member of the management team will properly dispose of the asset. The department manager and witness will sign an Affidavit of Destruction/Disposition. The Affidavit of Destruction/Disposition will be retained by the Finance Department, who shall remove the asset from any listings and cease depreciation if applicable.

11. Lost, Stolen, or Missing Property

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:

SOUTHWEST SUBURBAN SEWER DISTRICT CAPITAL ASSETS POLICY

- Notify the General Manager and Finance Department
- 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.
- The Finance Department shall 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 shall be provided to the Board of Commissioners.