

RESOLUTION NO. 98-12

A resolution amending Mason County Code Chapter 3.56 Fixed Asset Management System

WHEREAS, the Board of Commissioners establishes the dollar value guidelines for the capitalization of fixed assets;

WHEREAS, capital assets are defined as "New items or improvements that extend the life of an existing asset for more than a year that cost above \$5,000."

WHEREAS, Mason County Code Chapter 3.56 needs to be updated to reflect current regulations;

NOW, THEREFORE BE IT RESOLVED by the Mason County Commissioners to rename Mason County Code Chapter 3.56 "Capital Asset Policy" and amend Chapter 3.56.010 and add Chapter 3.56.020 (Attachment A). Chapter 3.56.030, Physical Inventory, shall remain the same.

Adopted this 18th day of December 2012.

BOARD OF COUNTY COMMISSIONERS
MASON COUNTY, WASHINGTON

ATTEST:


Shannon Goudy, Clerk of the Board


Lynda Ring Erickson, Chair

APPROVED AS TO FORM:


Tim Sheldon, Commissioner


Tim Whitehead, Chief DPA


Terri Jeffreys, Commissioner

3.56.010 Capital Assets

Capital assets will be reported at acquisition cost. Capital assets are defined as "New items or improvements that extend the life of an existing asset for more than a year that cost above \$5,000." The cost of a capital asset should include ancillary charges necessary to place the asset into its intended location and condition for use. Donated capital assets will be reported at their estimated fair value at the time of acquisition plus ancillary charges. If the donated asset was recently constructed and the donor can provide the asset's actual construction cost, that estimate could be used as a basis of capitalizing the asset. Otherwise, the estimated fair value at acquisition may be calculated from manufacturer's catalogs or price quotes in periodicals, recent sales of comparable assets, or other reliable information.

Capital assets shall be depreciated over their estimated useful lives unless they are land or land improvements.

All capital improvements shall be in the capital budget and capital facilities plan. In budgets for capital improvements, a review for impact on operating budget and long-term maintenance shall be done to minimize unforeseen future costs.

The capital expenditures will neither be spent nor budgeted for without a revenue source and until that revenue source is available.

The use of the project accounting module of the financial system is mandatory for all construction projects.

3.56.020 Infrastructure Assets

GASB 34 requires infrastructure assets to be reported. Mason County uses the depreciation method to report infrastructure assets. Infrastructure assets are reported when they have an initial cost of more than \$100,000 and a useful life of more than one year. Beginning in the 2004 fiscal year, the County capitalized and reported all major infrastructure assets acquired or substantially improved.

The initial capitalization shall be based on historical cost. If that cannot be determined, then estimated historical cost may be used. Estimated historical cost can be calculated by using the current replacement cost and using price-level indexes back to the acquisition year. For estimated useful lives shall use (a) general guidelines obtained from professional or industry organizations, (b) information for comparable assets of other governments, or (c) internal information.

3.56.030 Physical Inventory - Administration

The annual Mason County inventory of equipment will be the responsibility of the Board of Mason County Commissioners as authorized and required by RCW 36.32.210.