City of Mukilteo

CITY OF MUKILTEO
11930 Cyrus Way, Mukilteo, WA 98275

Amended

Capital Assets

Policies
And
Procedures

October 2009
CITY OF MUKILTEO
CAPITAL ASSETS POLICIES AND PROCEDURES

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

Reference
Specific requirements of the Washington State Auditors Office are contained in Budgeting and Reporting System (BARS) Volume 1, Part 3, Chapter 7, which will be applied by the City as relevant. In addition, the federal government has issued property management requirements which apply to all governments that receive federal assistance. Each federal agency has published a Federal Agency Implementation of the Common Rule which will be adhered to as applicable. The policies and procedures contained in this policy are not intended to and may not supersede federal, state or local laws.

Definitions
“Assets” - All land, buildings, improvements, infrastructure, works of art and historic collections and equipment purchased, donated, constructed, or acquired by the City.

“Capital Assets” – Land of any value; artwork and historic collections of any value; improvements and infrastructure; buildings, their furnishings, fixtures, and furniture; equipment, machinery, vehicles, and tools, with a value of $5,000 or more for non-infrastructure or $10,000 or more per item for infrastructure, and having a useful life exceeding one year from the date of acquisition.

“Control” - Being in charge of, and having the authority to manage the asset. Having the custodial responsibility of the asset that includes, but is not limited to the caring, keeping, safekeeping and protecting the asset.

“Infrastructure” - Roads, bridges, sidewalks, water lines, sewers, drainage systems, and the like.

“Inventory” – The process of physically confirming the existence and location of capital assets.

“Small and Attractive Assets” — small and attractive assets are those assets that are particularly at risk or vulnerable to loss and cost less than $5,000. 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:
• Communications Equipment; both Audio and Video
• Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Range finders
• Cameras and Photographic Projection Equipment
• Microcomputer Systems, Laptop and Notebook Computers
• Other data processing Accessory Equipment and Components (Scanners, Data Displays, etc.)
• Office Equipment
• Stereos, Radios, Television Sets, Tape Recorders, DVD players, VCRs, and Video Cameras

Applicability
This policy applies to all departments of the City of Mukilteo. The term "Department" is defined to include every city office, officer, and every department, division, board and commission.
Department responsibilities
Departments are responsible for protecting and controlling the use of City assets assigned to their department. The department head must designate one or more Department Inventory Officers to be responsible for maintaining and safeguarding the department’s capital assets and small and attractive assets. Any time an asset is added, deleted, or transferred, the Department Inventory Officer will complete an Asset Control Sheet which will be submitted to the Finance Department with the related documentation.

Capitalization Threshold
All non-infrastructure assets with a cost of $5,000 or more, and infrastructure additions where individual items cost $10,000 or more, will be capitalized. Although Small and Attractive Assets (assets costing less than $5,000) do not meet the city’s capitalization threshold, due to ease of conversion to private use, they are considered assets for purposes of marking and identification, records keeping, and tracking.

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 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.

When the cost of improvement is substantial or where there is a change in the estimated useful life of an asset, depreciation charges for future periods will be revised based on the new book value and the new estimated remaining useful life. No adjustment will be made to prior periods.

Additions
The city may acquire property via purchase, construction, donation, or lease. Capital assets shall be capitalized and purchased from a capital (60’s) BARS line of either:

- 61 – Land and Land Improvements;
- 62 – Buildings and Structures;
- 63 – Other Improvements;
- 64 – Machinery & Equipment;

When a capital asset is purchased, the department will send a copy of the invoice to the Finance Department for payment. The Finance Department will identify those assets that meet the capitalization requirements. Finance will assign a unique inventory control number to the asset, assign an inventory ID tag number, if applicable, and will prepare an Asset Control Sheet (Attachment A) which will be sent to the department to complete. When the Asset Control Sheet and ID tag are received by the department, the department designee will immediately affix the ID tag to the asset, complete and sign the Asset Control Sheet, and return the completed form to Finance. Finance will then update the capital asset system with the information from the asset control sheet.

Whenever feasible, each piece of property will be affixed with an inventory ID tag identifying the capital asset as the property of the City of Mukilteo, and including city identification number. Departments may determine where to place the tag on the capital asset. However, the identification and control number should be located on the principal body of the asset, rather than a removable part. Such tag will be removed or obliterated only when the item is sold, scrapped, or otherwise disposed of. Should the inventory ID tag be removed or defaced, the item shall be assigned a new inventory ID tag, and the new number recorded in the capital assets database.
Occasionally, it will be impractical or impossible to mark some inventorial capital assets according to these standards. For example, do not tag if the capital asset:

- is stationary in nature and not susceptible to theft (such as land, infrastructure, buildings, improvements other than buildings, and leasehold improvements);
- has a unique permanent serial number that can be used for identification, security and inventory control (such as vehicles);
- would lose significant historical or resale value by being tagged; or
- would have its warranty negatively impacted by being permanently marked;

In these cases, the identification tag is not required, and the department is to apply alternative procedures to inventory and identify such assets.

Deletions
Asset deletion may be required due to the sale of the asset, scrapping, lost or stolen items, or involuntary conversion (fire, flood, etc). Due to the monetary value, capital assets deleted from the capital asset system for any reason require authorization from the City Council.

Disposal
Disposal of capital assets may occur only after being declared surplus by the City Council. Disposal will be made in whichever manner is determined to be most cost effective for the City. This may include sale, disposal, conversion, or any other means as approved by the City Council in the surplus declaration.

When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program, disposition of the equipment will be made as follows:
1) Items of equipment with a current per-unit fair market value of less than $5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
2) Items of equipment with a current per-unit fair market value of $5,000 or more may be retained, sold or otherwise disposed of only as authorized by the awarding agency.

In the event the City is provided federally owned equipment:
1) Title will remain vested in the federal government.
2) The City will manage the equipment in accordance with federal agency rules and procedures, and submit an annual inventory listing.
3) When the equipment is no longer needed, the City will request disposition instructions from the federal agency.

Lost or stolen property
When suspected or known losses of capital assets or small and attractive items occur, departments should conduct a search for the missing property. The search should include transfers to other divisions or departments, storage, scrapping, conversion to another asset, etc.

If the missing property is not found:
- Notify the inventory control officer and department head.
- 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.
- Finance will report known or suspected losses of assets to the State Auditor’s office in accordance with RCW 43.09.185, and a copy of the report will be provided to the Mayor, City Administrator, and City Council.
• Finance will remove the lost or stolen property from the department’s inventory and accounting records where applicable.

Transfers
Occasional transfers of property between departments, individuals within a department or funds may occur. The original controlling department is accountable for all assets in its inventory and for initiating a notice of transfer. Interdepartmental transfers involving a proprietary fund (i.e. Surface Water) require a transfer of money. The sale price will be fair market value, which may result in a gain or a loss on sale of capital assets.

Modifications
Larger assets such as major pieces of equipment, water or sewer lines, and many buildings are often modified to increase their lifetime or usefulness. Modifications may include partial additions or deletions, major repairs (new engine for fire truck), or component replacement (new roof, heating system, etc.). Several vouchers may be prepared for the modification as the work is in progress. Therefore, it is very important to notify the Finance Department that modifications are coded as capital outlay and when it is given to accounts payable for payment. The inventory number should be included on the voucher of the equipment; building or other structure reflecting what is being modified.

Inventory
A physical inventory will be conducted at least once every year. By January 31st of each year, the Finance Department will supply each department with an inventory worksheet of all capital assets under their control as of December 31st of the prior year. Each department will conduct a physical inventory of the items, verifying the existence and condition of each item on the worksheet, and making note of any additions, deletions, interdepartmental transfers, modifications, or leases of property that are not reflected on the list. The final list will be reviewed and signed by the department head, and returned to the Finance Department by February 28th of every year. Verification of the inventory shall be done annually by the Finance Department by performing a sampling of the physical inventory of the items.

In order to ensure objective reporting of inventory items, personnel having no direct responsibility (custody and receipt/issue authority) for the assets should perform the physical inventory. If it is not feasible to use such personnel for all or a part of the inventory, then those portions are; at least, to be tested and verified by a person with neither direct responsibility for that portion of the inventory nor supervised by the person directly responsible. Departments are encouraged to exchange and use personnel from other departments to perform their inventory if possible.

Physical inventory instructions
Written physical inventory instructions will be documented and distributed to each person participating in the inventory process. The instructions will describe:
• How and where to record each item,
• What information to record,
• What to do when they have a question,
• What procedures to follow when they finish their assignments,
• What procedures to follow when equipment is located but not listed,
• The procedure by which the person counting the assets attests to the accuracy of the count, such as by signing his or her name at the bottom of each inventory page, or signing a cover page for a group of pages sorted by another method (batches, location, equipment type, etc.), and
• How to record assets not being used or in an obviously unserviceable condition.
Such information is to be used to schedule repair or disposition of such assets.
Physical inventory reconciliation
After the physical inventory count is completed, the department inventory officer is to conduct the reconciliation process. Only when all differences have been identified and explained, is the inventory considered reconciled. Departments should conduct the following steps during the reconciliation process:

- Search the inventory lists to determine whether inventory noted during the count as unrecorded is, in fact, listed on another portion of the inventory.
- Enter unrecorded assets into the inventory system as soon as possible after discovery.
- If a significant number of unrecorded assets are located, a major problem with the asset recording procedures may exist. The department inventory officer should contact the Finance Department for assistance in determining why the problem is occurring and how to correct it.
- Conduct a search in an effort to locate missing assets.
- For assets not located, follow the lost or stolen property procedures in this policy.

After the inventory is reconciled, the department inventory officer is to certify the reconciliation with a statement and signature that it is correct and report this to the supervisor. If the certification cannot be made, the inventory officer is to disclose that fact and the supervisor is to determine the appropriate course of action.

Retaining physical inventory records
The certification, together with the reconciliation and the inventory listing, serves as the support for the inventory balance and for accounting adjustments, if any, and must be retained by the Finance Department. The documentation will be retained in accordance with the approved records retention schedules. At a minimum the asset records must be retained until after the next annual audit.

Small and Attractive Assets Procedures
Small and attractive assets shall be expensed and purchased from either a small tools and equipment (35) BARS line or a (33) non-inventory operating supplies.

All small and attractive assets shall be tracked and recorded in a database by each department in control of those assets.

Annually each department will have the small and attractive asset inventory listing under their control verified by the Finance Department on a sampling basis.

Small and attractive assets may not be transferred, traded, sold, auctioned, gifted, surplused, or discarded without authorization from the Finance Department.

Valuation of Capital Assets
Capital assets shall be valued at cost - including any ancillary charges necessary to place the asset in its intended location and condition for use. However expenses which do not add to the utility of an asset shall not be capitalized. For example, an expenditure to repair a piece of equipment that was damaged during shipment should be expensed.

Values will be determined in the following manner:

Purchased Assets
Historical costs including taxes (e.g., sales taxes), and all appropriate ancillary costs less any discounts or rebates. If the historical cost is not practicably determinable, estimated cost will be used.
Land
The capitalized value of land includes the purchase price plus costs such as legal fees, fill, and any excavation costs incurred to put the land in condition for its intended use. If land is acquired by gift, the capitalized value will reflect its appraised or fair market value at the time of acquisition.

Equipment
Furniture, fixtures, or other equipment should be classified as equipment. Since they are not an integral part of a building they are not considered capital improvements. The cost for this asset type should reflect the actual or estimated cost of the asset, including the cost of an extended maintenance/warranty contract if the contract is purchased at the same time (or soon thereafter) as the capital asset.

Infrastructure
In accordance with the Governmental Accounting Standards Board Statement Number 34, acquisitions of capital assets defined as infrastructure which meet the City’s capitalization policy are to be capitalized.

Self-Constructed Assets
All direct costs associated with construction and management costs associated with a construction project will be capitalized.

Construction in Progress
Construction in Progress will be closed out and the costs capitalized when a project is substantially complete, accepted, and placed into service. Depreciation will not be applied to construction in progress.

Donated Assets
Donated assets will be recorded at the fair market value at the time of acquisition plus all appropriate ancillary costs. If the fair market value is not determinable due to lack of sufficient records, estimated cost will be used.

Improvement, Repair and/or Maintenance Expenditures
Routine repair and maintenance costs will be expensed as they are incurred. Extraordinary repairs, betterments or improvements will be capitalized if they increase future benefits from an existing capital asset beyond its previously assessed standard of performance. Increased future benefits typically include an extension in the estimated useful life of the asset or an increase in the capacity or efficiency of an existing capital asset.

Replacements
For building, improvements other than buildings, and equipment the cost of outlays that replace a part of another capital asset will be capitalized when the cost of the replacement is $5,000 or more and at least 10 percent of the total replacement value of the asset, or $100,000, whichever is less.

Example:
A $9,000 replacement of a heating boiler in a building having a replacement value of $120,000 would not be capitalized. In this case $9,000 is not at least 10 percent of the building's replacement value. Had the building's replacement value been less than $90,000, the $9,000 boiler replacement would have been capitalized.
1. Improvement cost exceeds $5,000
2. Building cost is greater than $100,000
3. Improvement is < 10% of replacement
EXCEPTIONS to this policy are:

- Replacement roof coverings are not capitalized unless the replacement extends the useful life of the building.
- Replacement floor coverings and window coverings are not capitalized.
- Costs to remodel (convert) a building to a different use, where the remodeling does not extend the useful life of the structure itself, are not capitalized.

After replacing a part of another asset, the capitalized value and the associated accumulated depreciation of the replaced item will be removed from the accounting records, and the costs of the replacement will be capitalized.

In the case of capital outlays that are partly replacements and partly betterments/improvements, to the extent that the 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. When the distinction between replacement and betterment/improvement is not easily determinable, the City will expense the entire cost of the project. When the cost of improvement is substantial or where there is a change in the estimated useful life of an asset, depreciation charges for future periods will be revised based on the new book value and the new estimated remaining useful life.

Ancillary Costs

Normally, ancillary costs will be included in the cost of a capital asset. However, minor ancillary costs, not measurable at the time a capital asset is recorded, are not required to be capitalized.

Ancillary costs for Land include:

- Legal and title fees;
- Professional fees of engineers, attorneys, appraisers, financial advisors, etc.;
- Surveying fees;
- Appraisal and negotiation fees;
- Damage payments;
- Site preparation costs; and
- Costs related to demolition of unwanted structures.

Ancillary costs for Infrastructure include:

- Professional fees of engineers, attorneys, appraisers, financial advisors, etc;
- Survey fees;
- Appraisal and negotiation fees;
- Damage payments;
- Site preparation costs; and
- Costs related to demolition of unwanted structures.

Ancillary costs for Buildings and Building Improvements include:

- Professional fees of architects, engineers, attorneys, appraisers, etc.;
- Damage payments;
- Costs of fixtures permanently attached to a building or structure;
- Insurance premiums, interest, and related costs incurred during construction; and
- Any other costs necessary to place a building or structure into its intended location and condition for use.
For *furnishings*, equipment, or other capital assets;
- Transportation charges,
- Sales tax,
- Installation costs; and
- Extended maintenance/warranty contracts or any other normal or necessary costs required to place the asset in its intended location and condition for use.

**Depreciation of Capital Assets**
The following shall be considered when recording depreciation:
1) Except for land and artwork, all capital assets will be depreciated. For quarries, timberlands, and mineral rights, depletion expenses must be recorded.
2) Scrap value will be ignored in establishing the amount to depreciate.
3) Depreciation will be based on a reasonable estimate of expected useful life; that is, the number of years, miles, service hours, etc., that the City expects to use that asset in operations. An asset that is surplus or that is held for possible future use is an investment and will not be depreciated.
4) Depreciation will be calculated using the straight-line method. In straight-line depreciation, the cost of the asset is pro-rated over the estimated useful life of the asset.
5) Depreciation will be based on the entire cost of the asset, including any amounts contributed or donated.
6) Depreciation charges will be made for each full calendar month that an asset is in service.
7) If it is determined that there is a need to revise the expected useful life of an asset, any such change will be applied prospectively; that is, the rate will be recalculated based on the remaining useful life at the time of the revision, and the new rate will be applied in the present and future accounting periods.
8) No changes will be made to financial records of previous years for revised estimates.
9) Depreciation will generally begin when an asset is purchased or completed. However, if it is not placed into service immediately, depreciation should begin when the asset is placed into service or otherwise begins to lose value.

**Useful Life Schedule for Capital Assets**
Assets will be depreciated over their estimated useful life as specified in the Useful Life Schedule provided in Attachment B.
FIXED ASSET RECORD
CITY OF MUKILTEO

DESCRIPTION: ____________________________________________________________

MAKE: ___________________________ MODEL: ________________________________

SERIAL NUMBER: ________________________________________________________

DEPARTMENT: __________________________ WORKSTATION: _________________

PURCHASED, CONSTRUCTED, DONATED OR LEASED (Circle One)

PURCHASE DATE: __________ CHECK NO. __________ AMOUNT: ____________

USEFUL LIFE: ___________ CONDITION: ___________ SALVAGE VALUE: ________

ACCOUNT CODE: ________ AMOUNT: __________________

ACCOUNT CODE: ________ AMOUNT: __________________

ACCOUNT CODE: ________ AMOUNT: __________________

VENDOR: ______________________________________________________________

__________________________________________

WARRANTY & MAINTENANCE INFORMATION: _________________________________

ADD-ONS: ______________________________________________________________

__________________________________________

CONTRIBUTED BY: ______________________________________________________

PROVIDED THROUGH GRANT: ____________________________________________

I have attached the Asset ID Tag #____________ to the item listed above.

Signature: _______________________________ Date: _________________________
Capital Assets Useful Life Schedule

This schedule is intended as a guideline for use under normal circumstances. If there are circumstances that justify assigning a useful life other than those listed here, the department shall contact the Finance Department for assistance.

<table>
<thead>
<tr>
<th>Category</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land (Including shorelands, tidelands, harbor areas)</td>
<td>Not Calculated</td>
</tr>
<tr>
<td>Construction In Progress</td>
<td>Not Calculated</td>
</tr>
<tr>
<td>Art Collections, Museum and Historical Collections</td>
<td>Not Calculated</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
</tr>
<tr>
<td>Streets</td>
<td>30 Years</td>
</tr>
<tr>
<td>Overlays</td>
<td>30 Years</td>
</tr>
<tr>
<td>Chip-Seals</td>
<td>Not-Calculated</td>
</tr>
<tr>
<td>Chip Seals</td>
<td>7 Years</td>
</tr>
<tr>
<td>Sidewalks</td>
<td>30 Years</td>
</tr>
<tr>
<td>Bridges</td>
<td>50 Years</td>
</tr>
<tr>
<td>Street Lights</td>
<td>40 Years</td>
</tr>
<tr>
<td>Storm Drainage</td>
<td>30 Years</td>
</tr>
<tr>
<td>Detention Ponds</td>
<td>50 Years</td>
</tr>
<tr>
<td>Crossing Signals</td>
<td>10 Years</td>
</tr>
<tr>
<td><strong>Buildings/Components</strong></td>
<td>50 Years</td>
</tr>
<tr>
<td><strong>Weapons, Firearms, Signal Guns, and Accessories</strong></td>
<td>5 Years</td>
</tr>
<tr>
<td><strong>Ammunition and Explosives Equipment</strong></td>
<td>5 Years</td>
</tr>
<tr>
<td>Ammunition Reloading and Gunsmithing Equipment</td>
<td></td>
</tr>
<tr>
<td>Bomb Handling and Cryogenic Equipment</td>
<td></td>
</tr>
<tr>
<td>Detonating Equipment</td>
<td></td>
</tr>
<tr>
<td><strong>Marine Vessels, Barges, and Docks</strong></td>
<td>6 Years</td>
</tr>
<tr>
<td>Small Craft, Powered and Unpowered</td>
<td>10 Years</td>
</tr>
<tr>
<td>Pontoon and Floating Docks</td>
<td></td>
</tr>
<tr>
<td><strong>Marine and Ship Equipment</strong></td>
<td>5 Years</td>
</tr>
<tr>
<td>Ship and Boat Propulsion Equipment</td>
<td></td>
</tr>
<tr>
<td>Deck Winches, Hoists, etc.</td>
<td></td>
</tr>
<tr>
<td>Buoys</td>
<td></td>
</tr>
<tr>
<td><strong>Motor Vehicles, Trailers, and Cycles</strong></td>
<td>10 Years</td>
</tr>
<tr>
<td>Passenger Automobiles</td>
<td>10 Years</td>
</tr>
<tr>
<td>Trucks</td>
<td>15 Years</td>
</tr>
<tr>
<td>Trailers, Cargo and Utility</td>
<td>3 Years</td>
</tr>
<tr>
<td>Police Cruiser</td>
<td>3 Years</td>
</tr>
<tr>
<td>Police Motorcycle</td>
<td>20 years</td>
</tr>
<tr>
<td>Pumper</td>
<td>20 years</td>
</tr>
<tr>
<td>Ladder Truck</td>
<td>15 Years</td>
</tr>
<tr>
<td>Ambulance</td>
<td>15 Years</td>
</tr>
<tr>
<td>Dump Truck</td>
<td>15 Years</td>
</tr>
<tr>
<td>Mower</td>
<td>15 Years</td>
</tr>
<tr>
<td>Sweeper</td>
<td>15 Years</td>
</tr>
<tr>
<td>Tractors</td>
<td>10 Years</td>
</tr>
</tbody>
</table>
Capital Assets Useful Life Schedule

**Vehicular Equipment and Components**
- Cab, Body, and Frame Components
- Brake, Steering, Axle, and Wheel Assemblies
- Accessories (Canopies, Tool Boxes, Light Bars, etc.)
- Modifications (Cranes, Lifts, etc.)

**Engines, Turbines, and Components**
- 5 Years

**Mechanically Powered Transmission Equipment**
- Torque Converters
- Gears, Pulleys, and Sprockets
- Power Transmission Equipment
- Hydraulic System Components

**Woodworking Machinery and Equipment**
- 5 Years
  - Sawmill and Planing Mill Equipment
  - Woodworking Machines
  - Tools and Attachments for Woodworking Machinery

**Metalworking Machinery and Welding Equipment**
- 10 Years

**Services and Trade Equipment**
- 5 Years
  - Laundry and Dry Cleaning Equipment
  - Shoe Repair Equipment
  - Industrial Sewing Machine
  - Wrapping and Packaging Machinery
  - Vending Machines
  - Parking Meters, Turnstiles, and Fare Recording Devices
  - Beauty and Barber Shop Equipment
  - Plastic Laminating Presses
  - Specialized Plastic Working Machines

**Special Industrial Machinery**
- 6 Years
  - Food Cannery Machinery and Equipment
  - Printing Equipment
  - Duplicating Equipment/Copy Equipment
  - Binding Equipment
  - Textile Industries Machinery
  - Gas Generating Aero Dispensing Systems
  - Foundry Machinery and Related Equipment
  - Clean Work Station, Controlled Environment Equipment
  - Specialized Logging Equipment

Attachment B
Capital Assets Useful Life Schedule

**Agricultural Machinery and Equipment**
- Soil Preparation Equipment
- Pest, Disease, and Frost Control Equipment
- Garden Implements (Mowers, Hedgers, etc.)
- Gardening Tools
- Irrigation Equipment – Sprinklers, Pipe, and Accessories
- Forestry Planting Tools

**Construction, Mining, and Highway Maintenance Equipment**
- Earth Moving and Excavating Equipment
- Cranes and Crane Shovels, Equipment
- Mining, Quarrying, and Rock Drilling Equipment
- Rock Crushing Equipment
- Road Clearing and Cleaning Equipment
- Traffic Safety Devices
- Pavement Marking Equipment and Accessories
- Weed Burners and Brush Control Equipment

**Materials Handling Equipment**
- Conveyors
- Blocks, Tackle, Rigging, and Slings
- Winches, Hoists, Cranes, and Derricks
- Elevators and Escalators

**Refrigeration and Air Conditioning Equipment, Components and Accessories**
- Refrigeration Units and Accessories
- Air Conditioning, Heating, and Ventilation Systems
- Fans, Blower Equipment, and Air Circulators

**Fire Fighting Tools and Equipment**
- Fire Fighting Tools and Equipment
- Fire Extinguishers and Accessories
- Marine Life Saving Equipment
- Marine Diving and Salvage Apparatus and Equipment
- Safety and Rescue Equipment Miscellaneous
- Safety and Rescue Equipment – Breathing Apparatus
- Safety and Rescue Equipment, Eye and Face Protectors

**Pumps and Compressors**
- Compressors, Mounted and Unmounted
- Power and Hand Pumps
- Centrifugals, Separators, and Pressure and Vacuum Filters
Capital Assets Useful Life Schedule

**Furnaces, Steam Plants, Driers, and Air Purification Equipment**
- Industrial Boilers
- Heat Exchangers and Steam Condensers
- Industrial Furnaces, Kilns, Lehrs, and Ovens
- Driers, Dehydrators, and Anhydrators
- Air Purification Equipment

13 Years

**Plumbing, Heating, and Sanitation Equipment**
- Plumbing Fixtures and Accessories
- Dispensers, All Types
- Space Heaters
- Water Heaters
- Fuel Burning Units and Accessories

5 Years

**Water Purification and Sewage Treatment Equipment**
- Water Purification Equipment
- Water Distillation Equipment
- Sewage Treatment Equipment

5 Years

**Specialized Maintenance and Repair Shop Equipment**
- Motor Vehicle Maintenance and Repair Shop Equipment
- Aircraft Maintenance and Repair Shop Equipment
- Marine Maintenance and Repair Shop Specialized Equip.
- Lubrication Equipment and Accessories
- Fuel Dispensing Equipment and Accessories
- Miscellaneous Maintenance and Repair Shop Equipment

5 Years

**Hand Tools, Powered and Nonpowered**
- Hand Tools, Attachments
- Taps, Dies, and Collets
- Tool and Hardware Boxes

5 Years

**Measuring Tools and Gauges**
- Measuring Tools, Craftsmen’s
- Inspection Gauges and Precision Layout Tools

5 Years

**Hardware, Abrasives, Locks and Packing**
- Screening
- Key-Duplicating Machines

5 years

**Prefabricated, Portable Structures, Buildings and Scaffolding**
- Prefabricated, Portable Structures, and Buildings
- Bridges, Fixed and Floating
- Storage Tanks
- Scaffolding Equipment and Ladders
- Prefabricated Tower Structures
- Miscellaneous Prefabricated Structures

50 Years
Capital Assets Useful Life Schedule

Communication, Recording, Reproducing, and Detection Equipment
- Telephone and Telegraph Equipment, and Cell Phones
- Communications Security Equipment and Components
- Teletype and Facsimile Equipment
- Communications Equipment, Industrial and Commercial
- Radio and Television Communications Equipment
- Communications Equipment, Public Safety: Audio and Video
- Radio Navigation Equipment
- Intercommunications and Public Address Systems
- Sound Recording and Reproduction Equipment
- Radar Equipment
- Audio Tape
- Video Tape
- Night Vision Equipment
- Stimulated Coherent Radiation Devices (Laser and Taser)
- Headsets, Handsets, Microphones, Speakers, etc.

Electrical and Electronic Components
- Lugs, Terminals, and Terminal Strips, Electrical
- Boards, Terminal, Multi-application, Electronic

Fiber Optics Materials, Components, Assemblies, and Accessories

Electric Wire, Power, and Distribution Equipment, Batteries, and Generators
- Motors, Electrical
- Electrical Control Equipment Switchgear, Servomechanisms, etc.
- Generators and Generator Sets, Electrical
- Solar, Thermal, and Nuclear Power Equipment
- Transformers, Distribution and Power Station
- Converters, Electrical, Rotating
- Converters, Electrical, Nonrotating
- Batteries

Lighting Fixtures and Lamps
- Lighting Fixtures
- Portable Electric Lighting Equipment
- Flying Insect Control

Alarm and Signal Systems
- Traffic and Transit Signal Systems
- Alarm and Signal Systems

7 Years
5 Years
5 Years
5 Years
5 Years
10 Years
Capital Assets Useful Life Schedule

Medical, Dental, and Veterinary Equipment
- Medical and Surgical Instruments and Equipment
- Orthopedic Equipment
- Ophthalmological, Refraction, and Audiometry Equipment
- Veterinary Equipment
- Dental Instruments and Equipment
- X-ray Equipment, Medical, Dental, and Veterinary
- Hospital Equipment
- Patient Mobilization Aids
- Stretchers and Litters
- Sterilizing Equipment and Accessories
- Opticians Instruments and Equipment
- Medical Sets, Kits, and Outfits

Instruments and Laboratory Equipment
- Navigational Instruments
- Flight Instruments
- Automatic Pilot Mechanisms and Airborne Gyro Components
- Engine Instruments
- Electrical Measuring and Testing Instruments
- Laboratory Supplies
- Laboratory Furniture
- Agriculture Laboratory and Field Testing Equipment
- Time Measuring Instruments (Clocks, Watches, and Movements)
- Optical Instruments, Laboratory
- Optical Devices, Binoculars, Telescopes, Infrared Viewers, and Rangefinders
- Geophysical and Astronomical Instruments
- Meteorological Instruments and Apparatus
- Hazard Detecting Instruments and Apparatus
- Scales and Balances
- Drafting, Surveying, and Mapping Instruments
- Liquid and Gas Flow, Liquid Level, and Mechanical Motion Measuring Instruments
- Speedometers and Tachometers
- Regulators and Gauges
- Pressure, Temperature, and Humidity Measuring and Controlling Instruments

Photographic, Projecting, and Microfilm Equipment
- Cameras
- Photographic Projection Equipment
- Photographic Developing and Finishing Equipment
- Photographic Equipment and Accessories
- Films Processed for Commercial and Industrial Use
- Film Processing
- Micrographic Equipment
- Micrographic Supplies
- Micrographic Unitizing Equipment and Accessories

Attachment B
<table>
<thead>
<tr>
<th>Category</th>
<th>Useful Life (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Training Aids and Devices</strong></td>
<td>5</td>
</tr>
<tr>
<td>Multimedia Systems</td>
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<tr>
<td>Training Aids</td>
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<tr>
<td>Audiotape</td>
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<tr>
<td>Slides</td>
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<tr>
<td>Overhead Transparencies</td>
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<tr>
<td>Videotapes</td>
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<tr>
<td>Targets</td>
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<tr>
<td>Vehicle Training Aids and Devices</td>
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<tr>
<td>Robots for Training</td>
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<tr>
<td>Communications Training Devices, For The Handicapped</td>
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<tr>
<td><strong>Information Technology (IT) Equipment and Software</strong></td>
<td>4</td>
</tr>
<tr>
<td>Main Frame Computer Systems</td>
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<tr>
<td>Minicomputer Systems and Servers</td>
<td></td>
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<tr>
<td>Microcomputer Systems, Laptop and Notebook Computers</td>
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<tr>
<td>Front End Communications Processors</td>
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<tr>
<td>Data Processing Terminals</td>
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<tr>
<td>Data Communications Equipment (Multiplexors, Modems, Routers, Hubs, and Switches)</td>
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<tr>
<td>Input/Output and Storage Devices</td>
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<tr>
<td>Software</td>
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<td>Plotters</td>
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<td>Scanners</td>
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<tr>
<td>Data Displays</td>
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<td>Monitors</td>
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<td>Printers</td>
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<td>Punched Card Equipment</td>
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<tr>
<td>Test and Monitor Equipment</td>
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<tr>
<td><strong>Furniture, Fixtures, and Accessories</strong></td>
<td>10</td>
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<tr>
<td>Office Furniture, Desk, Chairs, etc.</td>
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<tr>
<td>Mail Room Furniture and Equipment</td>
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<tr>
<td>Furniture, Critical Environment (Prisons, etc.)</td>
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<tr>
<td>Furniture Fabrication and Repair Supplies</td>
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<tr>
<td>Cabinets, Lockers, Bins, and Shelving</td>
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<tr>
<td>Auditorium and Theater Furniture</td>
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<tr>
<td><strong>Household and Commercial Furnishings and Appliances</strong></td>
<td>7</td>
</tr>
<tr>
<td>Awnings</td>
<td></td>
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<tr>
<td>Containers, Utility</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Household and Commercial Furnishings and Appliances (Fireplace Sets, Hair Dryers, Washers Dryers, Compactors, Sewing Machines, Irons, etc.)</td>
<td></td>
</tr>
</tbody>
</table>
Capital Assets Useful Life Schedule

Food Preparation and Serving Equipment
   Food Cooking, Baking, and Warming Equipment
   Kitchen Equipment and Appliances
   Kitchen Utensils
   Vacuum Containers and Chests
   5 Years

Office, Visible Record, and Word Processing Equipment
   Accounting and Calculating Machines
   Typewriters and Office Type Composing Machines
   Office Type Sound Recording and Reproducing Machines
   Visible Records Equipment
   Miscellaneous Office Machines (Coin Counters, Collators, Cash Registers, etc.)
   5 Years

Musical Instruments, Phonographs, Radios, Televisions, and Recordings
   Musical Instruments
   Musical Instrument Parts and Accessories
   Record Players, Radios, Television Sets, Tape Recorders, VCRs, and Video Cameras
   Recordings, Video Tapes
   5 Years

Recreational and Athletic Equipment and Toys
   Athletic and Sporting Equipment
   Games, Toys, and Wheeled Goods
   Gymnastic Equipment
   Playground Equipment
   Gameroom Equipment, Pool and Billiard Tables, and Bowling Equipment
   5 Years

Cleaning Equipment
   Floor Polishers, Scrubbers, and Accessories
   Vacuum Cleaners, Carpet Sweepers, and Accessories
   5 Years

Textile, Leather, Tents, Tarpaulins, Cavases, and Flags
   10 Years

Signs
   Advertising Signs and Identification Plates
   Highway Signs
   Sign Making Machines and Accessories
   5 Years
RECOMMENDATION:

SUMMARY:
Last February, Council approved the Capital Assets Policies & Procedures Resolution 2009 – 04. The policy as presented in February did not provide a useful life for chip seal pavement improvements (see page 10). The proposed amendment updates only the Capital Assets Useful Life Schedule for Chip Seals. Specifically, the proposed amendment would change the “Useful Life” for Chip Seals from “Not Calculated” to a useful life of seven years.

Background: Currently, chip seal pavement improvement expenditures are being capitalized. Capitalized expenditures are depreciated based on their respective useful life. The proposed amendment to Capital Assets Useful Life Schedule provides a basis to depreciate chip seal pavement improvement expenditures.

ALTERNATIVES:
City of Mukilteo, Washington

RESOLUTION NO. 2009-31

A RESOLUTION OF THE MUKILTEO CITY COUNCIL ESTABLISHING CAPITAL ASSETS POLICIES AND PROCEDURES.

WHEREAS, the City of Mukilteo wishes to formally amend the Capital Assets policies and procedures; and

WHEREAS, the City of Mukilteo wishes these amended policies and procedures be authorized by resolution of City Council;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MUKILTEO DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council adopts the amended Capital Assets Policies and Procedures as set forth in Attachment “A” to this Resolution.

Section 2. This Resolution, including the amended policies and procedures as shown in Attachment “A” shall become effective November 1, 2009.

RESOLVED AND APPROVED this 5th day of October, 2009.

APPROVED:

__________________________
MAYOR, JOE MARINE

ATTEST/AUTHENTICATED:

__________________________
CITY CLERK, CHRISTINA J. BOUGHMAN

FILED WITH CITY CLERK:
PASSED BY CITY COUNCIL:
RESOLUTION NO. 2009-31