

**Lakewood Water District
Resolution No. B-1431**

A RESOLUTION of the Board of Commissioners of Lakewood Water District, Pierce County, Washington, adopting a formal policy to govern the management, stewardship, and disposal of Fixed Assets and minor tools and equipment, items referred to as small and attractive assets.

WHEREAS, the Lakewood Water District (the "District") is a special purpose municipal corporation organized under the laws of the State of Washington to provide Water and Sewer services to customers within its boundaries; and

WHEREAS, the Lakewood Water District wishes to fulfill its responsibility to properly account for and safeguard items purchased with public funds; and

WHEREAS, Washington State Law, in the Revised Code of Washington, Section 43.09.200 directs the State Auditor to install a system of accounting and reporting which shall show the receipt, use, and disposition of all public property; and

WHEREAS, the Washington State Auditor's Office has encouraged the District to adopt a policy regarding the accounting for fixed as well as small and attractive assets that encourages safeguarding of publically purchased assets; **NOW THEREFORE**,

BE IT RESOLVED by the Board of Commissions of the Lakewood Water District as follows:

- 1) The attached document, identified as Exhibit A, outlining the required accounting and safeguarding of Fixed and Small and Attractive Assets is hereby adopted as formal District policy to define required procedures for all activity related to the future accounting and safeguarding of these items and
- 2) The General Manager is hereby charged with monitoring and maintaining this policy and bringing any appropriate or otherwise necessary changes to the Board for approval by motion before enactment.

This resolution is adopted and shall be effective this 18th day of February, 2016.

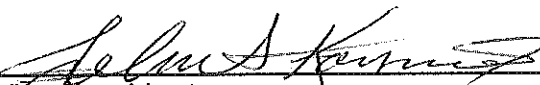
LAKWOOD WATER DISTRICT




President



Secretary



Vice President

ATTEST:


District Secretary

**LAKESWOOD WATER DISTRICT
FIXED ASSET POLICY
Exhibit A, Resolution No. B-1431**

The following policy document the fixed asset system designed to comply with all statutory requirements and increase control over those assets for which the District has stewardship responsibilities. The intent of this policy is to obtain accountability over assets, meet financial reporting needs and generate asset management information.

The District has a significant investment in fixed assets such as land, land improvements, water rights, building, machinery, and equipment. The District has established a fixed asset accounting system to meet these needs.

Major expenses for capital assets, including capital leases and major repairs that increase useful lives or production output, are capitalized. The value of the fixed asset includes the purchase price plus sales tax, as well as costs to acquire (shipping and handling), installation, design, permitting, and other equipment or accessories, and administrative and general overhead costs allocation needed for the asset to serve its intended function. Donations by developers and customers are recorded in the utility plant accounts at the contract price and donor cost or market estimates.

Capital assets are defined by the District as assets with initial individual costs of more than \$5,000 and an estimated useful life in excess of one year. 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. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to utility plant; charges that related to abandoned projects are expensed.

The costs of preparation, processing and adoption of Water Comprehensive Plans and other planning documents, that exceed \$5,000, shall be a General Fixed Asset and capitalized over their useful life.

The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation. However, in the case of the sale of a significant operating unit or system, the original cost is removed from the utility plant accounts, accumulated depreciation account is charged with the accumulated depreciation related to the property sold or retired, and the net gain or loss on disposition is credited or charged to non-operating revenue/(expense).

Depreciation is computed on the "straight-line" method with useful lives of 5 to 100 years. Depreciation rates are established by resolution (See Resolution No. B-1405, 10/23/12) and are reviewed periodically by management. Initial depreciation on the utility plant is recorded in the month after it is added to the utility plant. The change in the useful life is supported by documentation from industry standard-setters American Water Works Association (AWWA) and American Ductile Iron Manufacturers (ADIM).

Small and Attractive assets are defined as assets below the \$5,000 capitalization minimum that are personal property and are generally portable in nature. These types of assets include technology equipment and large tools used in the field operations with a value of greater than \$500 and less than \$5,000. Senior management will ensure control procedures that will include physical identification numbers for tracking purposes and, for large tools, will include locking of the large tools from uncontrolled access by the general public, whether on District grounds, duty trucks, or inside facilities. Non-portable attractive property, such as furniture, mounted fixtures, or other property with a value of less than \$1,000, shall not be tracked or marked nor formally inventoried. Senior management will complete a regular/annual physical inventory of all small and attractive assets to verify assets are accounted for and are still in use.