



**RESOLUTION NO.** 8107

**A RESOLUTION setting capital asset capitalization thresholds**

**WHEREAS,**

1. It is important to have a uniform system for control and inventory of capital assets; and
2. The City Council is to establish the value of capital assets to be capitalized as needed; and
3. The capital assets capitalization threshold has not been reviewed for a considerable period; and
4. The federal uniform guidance threshold for determining items that are considered equipment is now \$10,000; and
5. The Washington State Auditor's Office and generally accepted best practices recognize that certain "small and attractive assets" with a unit cost (including sales tax) of less than the government's capitalization threshold may be considered vulnerable to loss, and therefore should be subject to special property control;

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND EVERETT CITY COUNCIL THAT:**

Capital assets shall be controlled as follows.

1. Capital assets that have an expected useful life of at least two years and a value at or above the threshold listed below by general asset category will be capitalized.

ASSET CATEGORY	THRESHOLD
Land	no minimum
Buildings and Building Improvements	\$ 100,000
Improvements Other Than Buildings	\$ 100,000
Infrastructure	\$ 300,000
Machinery and Equipment - individual purchases	\$ 10,000
Intangible Assets	\$ 100,000
Aggregate Asset Purchases - annual cost	\$ 100,000
Library Books - annual aggregate cost	\$ 100,000

2. Assets with a value less than \$10,000 and considered to be attractive and vulnerable to loss will be tagged and subject to an annual inventory, but not capitalized for financial reporting purposes.
3. The capitalization thresholds are effective as of January 1, 2024.

*Scott G Bader*

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Councilmember introducing resolution

Passed and approved this 4th day of December, 2024.

*Tom M. Schwal*

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Council President










# RES 8107\_Capitalization Threshold

Final Audit Report

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