

UTAH TRANSIT AUTHORITY POLICY

No. UTA.06.03

CAPITAL ASSET POLICY

1) Purpose

UTA is required to meet Federal Transit Authority (FTA), Generally Accepted Accounting Principles (GAAP), and standards created by the Governmental Accounting Standards Board (GASB) related to obtaining, recording, maintaining, reallocating, and disposing of all capital assets.

2) Definitions

“Capital Asset” means major assets that are used in public transit operations and that benefit more than a single fiscal period. These assets are not intentionally acquired for resale, nor are they readily converted to cash. To be classified as a capital asset, an asset must meet a capitalization threshold of at least \$5,000 and have a useful life beyond one year.

“Capital Asset Controls Group” means UTA employees responsible for the recordkeeping, management, and dispositioning of asset status in the inventory control system.

“Capital Asset Reallocation” means a change in asset information, for example, location or responsible service unit.

“Components” are defined as a part or element of a larger whole, for example, the engine of a bus is a component of the bus itself. The bus cannot run without the engine, and the engine itself is not a capital asset.

“ERP” means Enterprise Resource Planning software. This is software used to manage day-to-day business activities, including accounting, procurement, compliance, and supply chain operations.

“Grant Funded” means an asset acquired through a financial award given by the federal, state, or local government, funded by tax dollars and includes stringent compliance and reporting measures.

“Responsible Owner” means the division that controls, manages, and/or maintains the asset.

“Sub-recipient Assets” means grant-funded capital assets not owned outright by UTA, but follow all capital asset standards, except for recording financial value to UTA. These assets are subject to the FTA’s Continuing Control requirements if they are purchased using FTA funds.

“UTA” means Utah Transit Authority.

3) Policy

A. Capital Asset Tracking

1. Capital Asset Classes

The maintenance of accurate records depends on precise definitions of each capital asset category. Capital assets are categorized into several major classes. Major capital asset types include:

- Land
- Rail Infrastructure
- Buildings and Building improvements
- Land improvements
- Revenue Vehicles
- Equipment and Support Vehicles
- Intangibles (including software)
- Leased Assets

2. Capital Asset Disposal

Capital Assets identified for disposal require prior approval from the Capital Asset Controls Group before disposing. If the asset is not grant funded, in usable condition, and the Coordinated Mobility department has identified a party in need of the asset, Donation is the preferred method of disposal. If the asset does not meet the above outlined criteria, auction is the preferred method of disposal for all asset types except land, intangible assets, and IT assets if there are security concerns relating to the disposal of the IT asset. If there are security concerns relating to the disposal of an IT asset, the specific concern may be addressed individually in coordination with the Capital Asset Controls Group. The auction method supplies fair market value data of the capital assets being disposed. All other disposal methods will be approved on a case-by-case basis by the Capital Asset Controls Group in accordance with fiscally prudent standards.

3. Grant Funded Asset Disposals

Grant Funded capital assets that have not yet met their useful life must be approved by the Federal Transit Agency for disposal in order to be considered for disposal. For those assets that have met their useful life, FTA will need to be notified of disposal. An official letter must be sent with all pertinent information including remaining useful life, grant number, grant percentage, and planned disposal method. Auction is the preferred method of disposal for all grant asset types except land, intangible assets, and IT assets. If a fully depreciated grant asset is sold at auction for \$5,000 or greater, the Capital Asset Controls Group will report it and make the appropriate request for payment to the FTA.

B. Roles and Responsibilities

The Project Manager or Responsible Owner of a capital asset and/or sub-recipient asset must communicate to the Capital Asset Controls Group when a Capital Asset is acquired and must provide capital asset accounting with the required fields to create the asset in ERP software. This is not required for Components.

1. Project Manager Responsibilities

- a. Communicate to Capital Asset Controls Group the list of capital assets acquired as a result of a capital project.

- b. Communicate the planned disposal of Capital Assets due to future capital project plans.
2. Responsible Owner
 - a. Communicate to Capital Asset Controls Group the required asset information upon purchase
 1. Information provided must describe the asset being acquired and not just the description of the funding mechanism. The information provided must demonstrate how the item falls within the Capital Asset definition contained above.
 2. Information needs to be itemized- for example if 10 HVAC units are purchased, the information should be a list of 10 itemized assets, not a list with 1 record with 10 items shown as the quantity.
 - b. Perform biennial inventory with the guidance of the Capital Asset Controls Group
 - c. Communicate asset reallocations as needed
 - d. Obtain approval of desired asset disposition
 - e. Provide documentation of final disposal
 3. Capital Asset Controls Group Responsibilities
 - a. Create Capital Asset Record in ERP software and allocate appropriate costs when necessary
 - b. Track Capital Asset Reallocations in ERP software
 - c. Support departments in performing the biennial inventory
 - d. Provide capital asset reports for the Annual Comprehensive Financial Report (ACFR) or for requested disclosures.
 - e. Accounting for the disposal of Capital Assets upon approval
 - f. Collect backup documentation for life cycle of the Capital Asset
 - g. Provide templates for the required asset information

4) Cross-References

- FTA 5010.1E - Awards Management Circular
- GAAP Statement 34, 51, 87, & 96
- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

This UTA Policy was reviewed by UTA’s Chief Officers on 07/06/2022, approved by the Board of Trustees on _____ and approved by the Executive Director on _____. This policy takes effect on the latter date.

Mary DeLoretto,
Chief Service Development Officer
Accountable Executive

Jay Fox
Executive Director

Approved as to form and content:

Counsel for the Authority

History

Date	Action	Owner
01/29/2019	Adopted - UTA Corporate Policy No. 3.1.12 – Capital Assets Policy	Chief Service Development Officer
10/26/2022	Adopted – UTA.06.02 – Capital Assets Policy	Chief Service Development Officer
	Renumbered – UTA.06.02 Capital Assets is now assigned as UTA.06.03 Capital Assets	Chief Service Development Officer
	Board Approved – UTA.06.03 – Capital Assets	Chief Service Development Officer