

California Fire & Rescue Training Authority		
MANUAL OF OPERATIONS		
ADMINISTRATIVE POLICIES		
Section Title	Fixed Asset Policy	
Section Number	102.01	Effective Date 3/15/99
		Revision Date 8/23/2006

FIXED ASSET POLICY

PURPOSE

The procedures which follow concern the acquisition, movement, sale, disposal, and physical inventory of fixed assets.

OBJECTIVE

The objective of the fixed asset system is to provide a tool for controlling property acquisition, availability, transference, and disposal.

DESCRIPTION OF FIXED ASSETS

Fixed assets include land, buildings and structures, equipment, or any related capital lease. These items are further defined as follows:

- A. Land includes all parcels purchased or any improvements made to existing parcels of land. Land purchases include all infrastructures, with the exception of roadbeds, easements, and right-of-way, regardless of the cost.
- B. Buildings, structures, and other related improvements include all relatively permanent improvements constructed or placed onto California Fire/Rescue Training Authority ("Authority") land or existing structures. This will also include improvements placed onto land leased by the Authority. Building alterations will be capitalized when they increase the value or life of the building. All buildings, structures, and improvements should be capitalized as fixed assets or lease-hold improvements.
- C. Equipment includes moveable personal property of a relatively permanent nature and of significant value. Relatively permanent nature should be interpreted as having a useful life expectancy of three or more years.
 1. Significant value shall be defined as all equipment acquisitions with a cost of \$5,000 or more, subject to the following exceptions:
 - a. All firearms will be treated as fixed assets, regardless of cost.

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- b. All calculators, cameras, camera accessories, photocopiers, fax machines, video or projection equipment, recording or transcribing machines, two-way radios, and typewriters with a cost in excess of \$1000 but less than \$5,000, and grant funded equipment costing less than \$5,000 will be inventoried for control purpose only and not capitalized.
- c. Computer hardware major components, regardless of value, will be inventoried for control and maintenance purposes and will be capitalized if the costs exceed \$5,000.
 - 1. The cost of equipment includes: the purchase price less discounts received; freight charges, sales, use and transportation taxes and installation charges.
 - 2. Capital leases (lease-purchase) include all arrangements to lease land, buildings and structures, or equipment with the Authority intending to assume ownership rights when the lease is paid off. If a purchase would normally meet the fixed asset criteria, stated above, it will be accounted for as a fixed asset regardless of the financing procedure used.

ACCOUNTING FOR GENERAL FIXED ASSETS

Fixed Assets include land, buildings and structures, equipment, or any related capital lease. These items are further defined as follows:

LAND

- A. The cost of the land purchased or, if acquired by donation, the appraised value on the date received. Land includes all parcels purchased by the "Authority" or any land improvements made to existing parcels. Land purchases include all infrastructures, with the exception of roadbeds, easements, and rights of way, regardless of the cost.

BUILDINGS AND IMPROVEMENTS

- A. The cost or project cost, or, if acquired by donation, the appraised value of all permanent structures, monuments, fences, retaining wall, pavement, sidewalks, grading and landscaping, and anything else which adds to the value of property; includes the cost of fixtures attached to and forming a permanent part of buildings and improvement; includes the cost of improvements made by the district to leased property.

EQUIPMENT

- A. The cost or, if acquired by donation, the appraised value on the date received, of all tangible property of a permanent nature, other than land, buildings and improvements.

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CONSTRUCTION IN PROGRESS

- A. Finalized costs on completed construction projects will be capitalized to the Buildings and Improvement Fixed Asset account.

TREATMENT OF COSTS SUBSEQUENT TO ACQUISITION

- A. Maintenance is defined as expenditures, which neither materially add to the value of property nor appreciably prolong its life, but merely keep it in an ordinary efficient operating condition. Maintenance cost shall not be capitalized.
- B. Capitalized expenditures are defined as expenditures that materially add to the value or betterment of property/equipment or appreciably extend its life. The cost of capitalized expenditures should be added to the book value of the asset where the original cost of a component being improved can be specifically identified. The book value of the asset shall be recorded in the note field in the Authority's inventory files.
- C. Additions are new and separate units, or extensions of existing units, and are considered to be fixed assets.

INVENTORY

- A. At the completion of each fiscal year, the Authority shall complete an inventory of capitalized fixed assets purchased in the fiscal year. The inventory list shall be balanced against the end of fiscal year accounting records.

FIXED ASSET SCHEDULE

- A. Fixed Asset Schedule of intended purchase for the fiscal year shall be submitted with the Final Budget. The Fixed Asset Schedule shall include the description of the asset/project, the amount required for the purchase and the budget account to be expended.

GOVERNING AUTHORITY

- A. Obligations for fixed assets are not deemed appropriated until the adoption of the Final Budget unless the resolution adopting the Preliminary Budget specifically states that certain or all fixed assets are deemed appropriated.

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SURVEY/DISPOSAL OF FIXED ASSETS

- A. The Executive Director is authorized to declare fixed assets as surplus or non-serviceable property.
- B. Upon making such a declaration, the Fiscal Officer shall establish a current market value for each fixed asset declared surplus or non-serviceable. The Executive Director shall prepare the staff report to the Governing Council in the approved format.
- C. The Fiscal Officer shall evaluate the information provided by the Executive Director, make modifications where deemed appropriate, and compile the information in detail for presentation to the Governing Council. Detail presented to the Governing Council shall include: Inventory Number, Description, Reason for Recommendation, Market Value, Historic Value, Appropriate Method of Disposal as deemed by the Executive Director (i.e., district surplus sale, donation, County of Sacramento surplus sale) in priority order of intended use (For example: An engine is recommended to be sold through the district's surplus sale; if the engine does not sell, then staff utilizes the next method recommended which may be donation).
- D. The Governing Council shall adopt a resolution authorizing the retirement of the fixed assets declared surplus or non-serviceable before staff may dispose of the item.
- E. The Executive Director will arrange for disposal of the fixed assets declared surplus or non-serviceable as determined under Section C above. In accordance with Authority's practices, if the surplus or non-serviceable fixed asset is to be offered to Authority employees at no cost, it shall be by a lottery system.
- F. Removal from District's Fixed Asset Records
 - 1. Land and Buildings
 - i. After appropriate governing council action to declare surplus, all land and building property shall be removed from the district fixed asset records when sold.
 - 2. Equipment
 - i. After appropriate governing council action to declare surplus, all equipment shall be removed from the district fixed asset records when declared surplus.