Grant County Fire Protection District 3

POLICY AND PROCEDURE

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1. NUMBER: 6.3.03

2. SUBJECT: ***Capital & Small /Attractive Assets***

3. POLICY: This Policy is established to provide guidelines to ensure adequate stewardship over Grant County Fire District 3 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. This Policy and Procedure is established to define that process.

4. SCOPE: This Policy & Procedure is applicable to all Personnel of Grant County Fire District 3.

5. RESPONSIBILITIES:

   A. The District Fire Chief is responsible for ensuring that this Policy and Procedure is adhered to.

   B. All personnel are responsible for complying with this Policy and Procedure.

6. DEFINITIONS:

   A. Fixed Assets: Fixed assets are tangible, non-consumable items including, but not limited to land, buildings, machinery, equipment, and vehicles owned by the District valued at $5,000 or more with a life expectancy of over one year. The value of the fixed asset includes the purchase price plus sales tax, as well as costs to acquire (shipping and handling), install (excluding site preparation costs), secure, and prepare an item for its intended use. The original purchase of a software program is considered a fixed asset if it meets the $5,000 threshold established above. 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.

   B. Small & Attractive Assets: Assets valued at less than $5,000 that are defined as high risk for theft. These assets are not normally consumed within one year. These assets may include items in one or more of the following categories:

      1. Portable and marketable, either alone or as a component unit
      2. Assets that can be used for personal gain
      3. Assets repeatedly reported as lost and/or stolen within the industry and society
      4. Optical devices, binoculars, infrared viewers and rangefinders

5. Cameras and photographic projection equipment
6. Electronic devices that are used for the purpose of recording, sending or receiving electronic media, such as computers, cellular telephones, fax machines, pagers, television/DVD, radio or other media players

C. Capitalization Threshold: All assets with a cost of $5,000 or more shall be capitalized. Although *Small & Attractive Assets* (assets costing less than $5,000) do not meet the District's capitalization threshold, they are considered assets for purposes of marking and identification, recordkeeping, and tracking.

7. PROCEDURE:

A. Improvement/repair/maintenance expenses routine repair and maintenance costs should be expensed as they are incurred and will not be capitalized. Major repairs will be capitalized if they result in betterments/improvements to the District's capital assets. 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.

B. Expected useful life of assets the District should use the IRS Publication *946 Table of Class Lives and Recovery Periods* as such publication is updated, modified, or amended, to determine the life of acquired assets.

C. Revision of expected useful life the State of Washington Office of State Auditor *Accounting Guidance* manual, states "As the District uses its capital assets, it may need to revise the expected useful life of some of them. Any such changes should be applied prospectively; that is, the rate should be recalculated based on the remaining useful life at the time of the revision, and the new rate should be applied in the present and future accounting periods. No changes should be made to financial records of previous years for revised estimates."

D. Tagging new assets all assets fitting descriptions of a fixed asset, small and attractive asset, and/or high-risk asset (other than infrastructure, vehicles, small tools, and computer components) should be recorded and identified per Policy 6.3.02 Inventory and Control of District Property. All assets that are surplus or traded-in should be removed from the fixed asset inventory and the tag listing.

E. Disposal of surplus items prior to disposing of surplus property, the Board or Commissioners must first declare the asset to be surplus to the needs of Grant County Fire District 3 by Resolution. If the asset is to be sold, it should then be sold in accordance with applicable state law using commercially reasonable means. If an asset has no market value or is no longer in working order and cannot reasonably be repaired for re-sale, the District Fire Chief or

designee, may dispose of the asset. The District Fire Chief or designee and one witness should sign and retain an Affidavit of Destruction/Disposition (Appendix 6.3.03).

1. Before an asset that was purchased with grant funds is sold or otherwise disposed of the District Fire Chief or designee must refer to the relevant grant agreement and, if required by the grant, follow the prescribed procedures for disposition.

F. Lost, Stolen, or Missing Property: When suspected or known losses of capital assets or small and attractive items occur, staff should conduct a search for the missing property. If the missing property is not found:

1. Notify the District Fire Chief or designee.
2. 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.
3. The District Fire Chief or designee should 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 should be provided to the Board of Commissioners.

See Appendix 6.3.03