

## 1. Purpose

The purpose of this Capital Asset (also known as Fixed Asset) Policy is to establish uniform procedures for identifying, recording, safeguarding, depreciating, and disposing of capital assets owned by CONFIRE, in compliance with Generally Accepted Accounting Principles (GAAP) and applicable government accounting standards.

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## 2. Scope

This policy applies to all departments, divisions, and personnel of CONFIRE who are responsible for the acquisition, use, maintenance, reporting, and disposal of fixed assets purchased with agency or federal funds.

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## 3. Definition of Capital Assets

A **capital asset** is defined to include long-term property of any kind held by an entity. It includes all kinds of property, movable or immovable, tangible or intangible, fixed or circulating.

Capital Asset criteria:

- **A useful life of more than one year**
- **Effective fiscal year 2024-25 – capitalization threshold of \$10,000.**
  - Acquisition cost of \$10,000 or more per unit, unless a more restrictive threshold is defined by funding sources.
  - The equipment cost includes purchase price or construction cost, freight or shipping, sales and use taxes, installation costs and peripheral equipment necessary for operation.
  - Donated capital assets are to be recorded at acquisition value.
  - Improvements that add to the value of the asset or materially extend the assets' life are capitalized.
  - Costs that are **not** directly attributable to the acquisition or construction of the asset should not be included in the capitalization cost. Examples include: warranties, support (after asset is in use), maintenance, and repairs. These costs are to be expensed.
  - Examples of Capital Assets:
    - Land and land improvements
    - Buildings and building improvements
    - Equipment and machinery
    - Infrastructure
    - Vehicles
    - Furniture and fixtures
    - Leasehold improvements

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## 4. Capitalization Threshold

- **\$10,000** is the standard capitalization threshold.
- Items costing less than \$10,000 will be expensed unless otherwise specified by funding agreements or asset control needs.

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## 5. Acquisition of Fixed Assets

All acquisitions must be:

- Approved by authorized personnel.
- Procured in accordance with CONFIRE procurement policy and 2 CFR §200.318-326.
- Properly recorded in the general ledger and fixed asset register at **cost**, including ancillary charges (e.g., shipping, installation, taxes).

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## 6. Asset Tagging and Identification

All fixed assets will be:

- Assigned a unique asset identification number.
- Tagged with a durable label (unless tagging is impractical).
- Recorded in the fixed asset management system with details including:
  - Description
  - Serial number
  - Acquisition date and cost
  - Funding source
  - Location
  - Custodian
  - Useful life

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## 7. Depreciation

- Depreciation will be calculated on a **straight-line basis** over the estimated useful life of the asset.
- Salvage value is typically assumed to be zero unless otherwise justified.
- Depreciation schedules will align with Generally Accepted Accounting Principles (GAAP).

- The useful lives of capital assets for purposes of computing depreciation are as follows:
  - Buildings and leasehold improvements 25 years
  - Vehicles 5 years
  - Computer equipment and software 4 years
  - Radio consoles 10 years

Note: The above are guidelines as the useful lives of some assets may be different based on manufacturer recommendations, maintenance and support schedules, and defects.

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## 8. Inventory and Safeguarding

In accordance with **2 CFR §200.313(d)(2)**:

- A **physical inventory** of fixed assets will be conducted **at least once every two years**.
- Inventory results will be reconciled with the fixed asset records.
- Discrepancies must be investigated and resolved promptly.

Custodians are responsible for:

- The proper use, maintenance, and protection of assets in their possession.
  - Immediate reporting of loss, damage, or theft.
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## 9. Disposal of Assets

Assets may be disposed of when they:

- No longer serve a useful purpose.
- Have met their useful life and have been fully depreciated.
- Are beyond economical repair.
- Are replaced through upgrades or other capital investments.

**Disposal must follow:**

- CONFIRE's disposal procedures (Attachment A)
  - Federal requirements under **2 CFR §200.313(e)** for assets acquired with federal funds (e.g., disposition instructions for items with a current per-unit fair market value of \$5,000 or more).
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## 10. Federal Award Requirements

For assets purchased with federal funds:

- Title generally vests with the non-federal entity unless otherwise specified.
  - Disposition or transfer must comply with grant or award terms and **2 CFR §200.313**.
  - Proceeds from the sale of federally funded assets must be handled in accordance with the applicable cost principles.
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## 11. Record Retention

All records related to the acquisition, use, inventory, and disposal of fixed assets must be retained for **at least 5 years** after the final disposition of the asset, or longer if required by grant terms or audits.

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## 12. Policy Review

This policy will be reviewed annually and revised as necessary to ensure continued compliance with applicable laws and regulations.