

**CONFIRE**

STAFF REPORT

DATE: July 22, 2025

FROM: Nathan Cooke, Interim Director

BY: Damian Parsons, Finance/Administrative Director
Erika Torres-Murillo, Staff Analyst II

TO: CONFIRE Administrative Committee

SUBJECT: Capital Asset Policy

Recommendation

Adopt Administrative Committee Policy AP 3.013 Capital Asset (also known as Fixed Asset) Policy to ensure CONFIRE's compliance with GAAP (Generally Accepted Accounting Principles), effective July 23, 2025.

Background Information

During our most recent audit, concluded April 3, 2025, our auditors Rogers, Anderson, Malody, & Scott (RAMS) Certified Public Accountants, identified a material weakness in CONFIRE's capital asset tracking process. The specific deficiencies included:

- Misclassification and improper capitalization of various assets in prior years.
- Capitalization of assets that did not meet the capitalization criteria.
- Premature capitalizing of assets before being placed into service.

The misclassification and premature capitalization of assets resulted in:

- Overstatement/understatement of capital assets on financial statements.
- Compliance risks related to financial reporting requirements.

CONFIRE previously utilized the County of San Bernardino's Fixed Asset policy #11-04 SP2. To improve clarity and make it more streamlined, staff recommends the adoption and implementation of CONFIRE's own comprehensive Fixed Asset policy and procedures for capital asset accounting, ensuring alignment with GAAP and relevant government standards.

Staff has drafted the attached policy to support CONFIRE's compliance with Generally Accepted Accounting Principles (GAAP) and to promote sound accounting practices.

Fiscal Impact

This recommendation has no fiscal impact.

Attachments

- CONFIRE – Capital Asset Policy