



FINANCE

510.1 – CAPITAL ASSET ACCOUNTING

Policy Purpose: To establish a financial policy that addresses capital asset accounting.

Adopted Date:

Revised Date: N/A

Policy #: 510.1

1. Background:

Primary among the responsibilities that East Fork Fire Protection District has to its citizens is the care of public funds and wise management of government finances while providing for the adequate funding of the services desired by the public and the maintenance of public facilities.

The following financial management policies, designed to ensure the fiscal stability of the East Fork Fire Protection District, have been designed to provide guidance for the development and administration of the annual operating and emergency fund budgets:

2. Policy:

A. General Authority

Nothing contained within these policies prohibits the District Board from deviating from the District's financial policies and funding goals, as they find reasonably necessary, to address economic conditions or as part of any rate-setting process provided, however, any change shall not violate state law, existing bond or loan covenants, or generally accepted accounting practices.

B. Financial Policy Objectives

1. To protect the policy-making ability of the Board of Directors by ensuring that important policy decisions are made proactively and are not dictated by financial problems or emergencies when possible.
2. To enhance the policy-making ability of the Board of Directors by providing accurate information on program costs.

3. To assist sound management of the District by providing accurate and timely information on the District's financial condition.
4. To provide sound principles to guide the important decisions of the Board of Directors and of management which have significant fiscal impact.
5. To set forth operational principles which minimize the cost of government and financial risk.
6. To employ revenue policies that prevent undue or unbalanced reliance on certain revenues, which distribute the costs of government services fairly, and which provide adequate funds to operate desired programs.
7. To provide essential public facilities and maintain the District's infrastructure and assets
8. To protect and enhance the district's credit rating and prevent default on any debt issue of the district.
9. To insure the legal use of all district funds through a sound system of administrative policies and internal controls.

C. Capital Asset Accounting and Replacement

1. Capital Outlay/Projects Accounting Thresholds

- a. Capital asset acquisitions and/or projects are to be budgeted in the Capital Outlay/Projects budget line items and the five-year Capital Improvement Plan as follows:

Asset Type	Threshold
Land & Improvements	Capitalize All
Buildings & Improvements	\$50,000
Infrastructure & Improvements	\$50,000
Vehicles, Machinery & Equipment	25,000
Assets Paid for With Federal Funds	\$5,000

- b. Asset acquisitions that are capital in nature, but below these thresholds, should be budgeted as follows:

Budget Account Name
Small Equipment Expense
Small Projects Expense

- c. Major Repairs and Maintenance of capital assets are defined as outlays that do no more than return a capital asset to its original condition, regardless of the amount, and should be budgeted as follows:

Budget Account Name
Repairs & Maintenance-Major

2. Capital Improvement Plan

- a. A five-year Capital Improvement Plan (CIP) shall be developed and presented annually by staff to the Board of Directors. This plan shall contain all capital improvements from all funds and Divisions of the district. The first year of the plan shall reflect the next year's capital budget.
- b. A high priority shall be placed on repair or replacement of capital assets before such items have deteriorated to the point of becoming hazardous, incur high maintenance costs, are negatively affecting property values, and/or are no longer functionally serving their intended purposes.
- c. Capital improvements constructed in the District shall be based on construction standards that minimize construction costs, while assuring that accepted useful life and minimum maintenance costs will result.
- d. The five-year Capital Improvement Plan will include other non-capital items that are deemed necessary for the safety and continuing operations of the District. These might include small projects, small equipment purchases, major repair and maintenance or use of debt proceeds.

3. Intergovernmental Assistance

Certain intergovernmental revenue (i.e. State and Federal grants), specifically approved for capital projects by the grantor agency, shall be used to finance only those capital improvements that are consistent with the capital improvement plan and local government priorities, and whose operations and maintenance costs have been included in operating budget forecasts.

4. Operations and Maintenance Impacts

- a. As a goal, standards of maintenance to adequately protect the District's capital investments shall be developed and periodically updated. The annual budget should be prepared to meet established maintenance schedules.
- b. Future operating budget impacts for new capital facilities will be analyzed as part of considering a proposed capital project, in accordance with State law.

5. Financing

Within the limitations of existing law, various funding methods may be used to finance capital improvements and acquisitions, including pay-as-you go funding and debt financing when appropriate. Capital improvement projects proposed for inclusion in the budget will be accompanied by a financing plan utilizing appropriate revenue sources, and in accordance with the District's debt management policies.

6. Capital Improvement Project Management

The District Chief will assign a project manager to each capital project or acquisition within their Division.

7. Maintenance of Capital Assets

- a. The budget should provide sufficient funds for the regular repair and maintenance of all East Fork Fire Protection District capital assets. The budget should not be balanced by deferring these expenditures unless a complete analysis has been made and all appropriate considerations made.
- b. Future maintenance needs for all new capital facilities will be identified during the Capital Improvement Program process.

RESPONSIBILITY FOR REVIEW: The District Fire Chief, or his designee and/or the Director of Finance/CFO, or his/her designee will review this policy every 3 years or sooner as necessary.