

Fixed Assets and Capital Expenditures Procedures

204.1 PURPOSE

This procedure establishes guidelines and internal controls for the identification, acquisition, tracking, and disposition of the District's capital assets. These procedures ensure that capital expenditures are properly authorized, recorded, and managed in accordance with the District Purchasing Policy, accepted accounting practices, and applicable state laws governing local districts.

Capital assets represent significant investments in equipment, vehicles, apparatus, buildings, and infrastructure necessary for District operations. Proper tracking and management of these assets helps safeguard District resources and supports accurate financial reporting.

204.2 DEFINITION

A capital asset is a purchase of equipment, apparatus, vehicles, buildings, infrastructure, or other property that has an expected useful life greater than one year and meets the District's capitalization threshold. ~~A Capital Asset is usually a larger purchase of building, equipment or infrastructure that has expected life greater than one year.~~

The NTFD has ~~set~~ established a value capitalization threshold of \$5,000. ~~Purchases under~~ below this ~~that~~ threshold are generally recorded as operating expenses. Purchases that meet or exceed the capitalization threshold will be expensed when paid while purchases over that threshold are recorded as "capitalized" capital assets and recorded as an asset reflected on the balance sheet. ~~and the expense is recognized~~ Capital assets are depreciated over their estimated useful life in accordance with the District's accounting practices in order to recognize the cost of the asset over the period it is used in District operations. over a period of time (Depreciation). The Depreciation will match the expense of an asset purchase with the time period that asset is in use and contributing to the function of the NTFD :

204.3 CAPITAL ASSET/CAPITAL PROJECT APPROVED LIST

1. The Board of Trustees shall approve a list of planned capital assets and capital projects as part of the District's budgeting and capital planning process. ~~An approved list of Capital Assets/Capital Projects will be determined by the Board of Trustees (Board).~~
2. This e capital asset/project list will should include the capital asset/project description, estimated budget value amount, estimated anticipated timeline of completion, funding source from which the project will occur, and priority determination level.
3. This capital asset/project list will shall be reviewed at least annually and updated as needed. necessary to reflect operational needs and available funding.
4. Changes to the capital asset/project list must shall be approved by a majority vote of the Board of Trustees during a regularly scheduled board meeting.

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5. Acquisition of capital assets shall comply with the District Purchasing Policy and any applicable procurement requirements.

204.4 ACQUISITION

1. ~~According to the Purchasing Policy of NTFD, an item is considered a fixed capital asset when its purchase price exceeds \$5000.~~ Capital assets shall be acquired in accordance with the District Purchasing Policy and any applicable procurement requirements established by the District or the State of Utah.
2. ~~All capital expenditures made that exceed \$5000 must be approved by the Board and must follow the currently approved District and/or State of Utah Purchasing policy.~~ Capital asset purchases should generally be included in the District's approved budget or capital project plan and approved by the Board of Trustees.
3. ~~When possible, the bid with the lowest price will be accepted, unless the price conflicts with the quality or availability of the offered items or services.~~ Procurement of capital assets may require competitive quotations, bids, or other procurement methods as defined in the District Purchasing Policy.
4. ~~Bids must be approved by a majority vote made during the regular monthly board meeting.~~ Selection of vendors for capital asset purchases should consider price, quality, availability, serviceability, and other factors relevant to the operational needs of the District.
5. Upon acquisition, capital assets meeting the District's capitalization threshold shall be recorded in the District's fixed asset records.

204.5 CAPITAL ASSET INVENTORY

- The District shall maintain a record of capital assets that includes a description of the asset, acquisition date, cost, location, and other identifying information as appropriate.
- Capital assets should be periodically reviewed or inventoried to confirm the continued existence and condition of the asset.
- Apparatus, vehicles, and other major equipment may also be tracked through apparatus records, fleet records, or insurance schedules maintained by the District.
- Any discrepancies identified during the inventory process shall be investigated and resolved, and the District's asset records shall be updated as necessary.

204.6 DISPOSITION

1. Disposition or transfer of a capital ~~fixed~~ asset ~~must shall~~ be ~~accompanied~~ supported by ~~supporting appropriate~~ documentation ~~i.e. such as a sales receipt, donation letter, transfer record, or other documentation describing the disposition. etc.~~
2. ~~Disposition of assets may be made by donation, auction, or sale and must be approved by the Board.~~ Capital assets that are no longer needed for District operations may be disposed of in accordance with the District's Surplus Property Policy.

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3. Capital assets may be disposed of by sale, auction, trade-in, transfer, or donation as approved by the Board of Trustees or as otherwise authorized by District policy.
4. Capital assets may be transferred or donated to another governmental entity when such transfer serves a public purpose and is approved by the Board of Trustees.
5. Proceeds from the sale or disposition of capital assets shall be recorded in the District's accounting system.
6. The District's fixed asset records shall be updated to reflect the disposition or transfer of the asset.
7. ~~Note – According to the Utah State Auditor's Office, donation of assets made by one government agency to another are allowed as long as the donating agency can show a benefit.~~

204.7 DEPRECIATION

1. The NTFD uses the Straight Line Method of depreciation for capital assets.
2. ~~Under the straight-line method, the amount deducted for depreciation will be the same each year, other than the first/last year which can be prorated if needed based on the number of months in use.~~ the cost of a capital asset is allocated evenly over the estimated useful life of the asset.
3. Depreciation may be prorated during the first or final year of service based on the portion of the year the asset is placed into or removed from service.
4. Depreciation of assets ~~should~~ all be assessed and recorded at least annually as part of the District's financial reporting process.

204.8 RECORDS RETENTION

1. A record of ~~Fixed~~ capital ~~A~~ assets ~~will~~ shall be maintained by the ~~District Administrator Administration Division Chief or designee~~ and updated upon acquisition, transfer, or disposition of a capital asset.
2. Financial ~~and asset~~ records for the current and previous fiscal year ~~will~~ shall be ~~stored maintained~~ in the ~~District Administrator's- administration~~ offices and ~~filed~~ organized by month accounting period.
3. All other financial ~~and asset~~ records ~~will~~ shall be retained ~~according to the State of Utah Records Retention Schedule~~ <http://www.archives.state.ut.us> ~~in accordance with the records retention schedules established by the Utah State Archives for governmental entities.~~
4. Records may be maintained in electronic or physical format provided they remain accessible for the required retention period.