

Capitalization, Depreciation, & Disposition of Assets

1214.1 PURPOSE

The purpose of this policy is to ensure compliance with applicable Florida Statutes regarding the Sanibel Fire & Rescue District's (hereafter referred to as the District) acquisition, depreciation, and disposition of assets.

1214.2 SCOPE

The District's fixed assets shall be capitalized and depreciated based on Generally Accepted Accounting Principles (GAAP). Records of fixed assets, including their location and the treatment of capitalization and depreciation, shall be maintained for management accountability and maintenance purposes. Administrative personnel are tasked with maintaining and enforcing these guidelines.

1214.3 DEFINITIONS

- **Asset Class:** Refers to categories of assets.
- **Depreciation:** The allocation of the cost of a fixed asset over its useful life as determined by GAAP and this policy.
- **Fixed Assets:** Includes items such as buildings, vehicles, machinery, furniture, equipment, and other high-value, long-life items.
- **Fund Fixed Assets:** Assets acquired through proprietary or trust funds, accounted for in the corresponding fund or fund group.
- **General Fixed Assets:** Assets acquired by means other than proprietary or trust funds, accounted for in the General Fixed Assets fund.
- **Heavy Equipment:** Includes machinery such as backhoes, front-end loaders, forklifts, mowers, and tractors.
- **Public Domain:** Fixed assets that are immovable and have no significant use outside the District.
- **Useful Life:** The estimated duration a fixed asset is expected to be in use by the District, adjustable for acquisitions of used assets.
- **Custodian:** The person delegated with the custody of District property.

1214.4 STATED VALUE

- Fixed Assets are recorded at their fair market value upon acquisition by the District.
- Donated assets are recorded at their fair market value or estimated value at the time of donation or acquisition.

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1214.5 CAPITALIZATION & DEPRECIATION

- Land and public domain assets are typically not depreciated unless the underlying property is consumed by use.
- Assets acquired through bonds, other debts, or donations must adhere to the terms of the acquisition instrument and this policy.
- While assets in the General Fixed Assets fund may be depreciated, it is not mandatory at this time.

1214.6 RECORDING FIXED ASSET DEPRECIATION

- Proprietary and Trust Fund assets should have their depreciation recorded in the respective fund.
- Other fixed assets are recorded in the General Fixed Assets fund, where depreciation is optional but may be used as a management tool.
- Annual physical inventory and marking of fixed assets are required.

1214.7 METHOD OF DEPRECIATION

Depreciation shall generally be by use of the straight-line method over the estimated useful lives of the assets of relevant funds. Depreciation expense will be prorated by month in the year of acquisition and the year of sale or disposal.

1214.8 CLASSIFICATION & LIVES OF ASSETS

The following useful lives shall be utilized for assets:

30 Years:

Buildings, masonry or concrete
Site improvements

20 Years:

Steel

15 Years:

Frame
Furniture, fixtures, office equipment
Pumps, motors, compressors, generators

10 Years:

Automobiles, 100,000 miles or less
Fire pumpers
Off Road vehicles
Protective Gear
Tools
Trailers

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5 Years:

Fire Hose

Computers

Tech/Networking Equipment

Radios

The actual life assigned a particular fixed asset will be determined by the usage of the asset. An asset in heavy service will have a shorter life than one that is in relatively light service.

The useful life of a fixed asset may be changed at the discretion of the Fire Chief. Examples of this are when an asset is transferred, its intensity of usage changes, it is remodeled or reconditioned, it is damaged or it deteriorates faster than anticipated.

1214.9 COSTS AND DISPOSITION

Costs associated with the acquisition of fixed assets, including various fees and expenses, are to be capitalized. Assets with an acquisition cost below \$5,000 are exempt from this policy but still require internal control measures.

1214.10 DISPOSITION OF ASSETS

- The Fire Chief is responsible for the disposition of surplus assets, with procedures in place for selling, discarding, or donating these assets based on their value and usefulness.
- Approval from the Board of Commissioners is required for the disposal of assets originally purchased for more than \$5,000.

Sold - Surplus assets determined to have no useful purpose for the District, yet still containing some intrinsic value may be held for auction or other sale, such as closed bidding.

Discarded - Assets determined to have no useful purpose and no value for the District or any other entity may be discarded in the trash.

Donated - Assets determined to have no useful purpose for the District, yet still containing some intrinsic value may be donated by the District to a nonprofit or governmental agency, with supplemental approval required by the Commission.

Exceptions:

Trade-ins - Assets determined to have no useful purpose for the District may be traded in at the Fire Chief's request and commissioner approval only when a like item is purchased. Trade-ins may not be used for dissimilar items.

Destroyed assets - If in the course of its productive life, an insured asset is destroyed by accident, the asset should be disposed of in an appropriate fashion, with the cooperation of the District's insurance carrier. The commission shall be notified of such loss.

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- At no time is an employee allowed to take, give away or sell an asset or inventory item of the District, regardless of condition, without approval of the Board of Fire Commissioners. No personal or private use of the District's fixed assets shall be permitted.
- Unaccounted for property shall be recorded in accordance with Auditor General Rule 10.480(6).

1214.11 MODIFICATIONS AND SEVERABILITY

This policy is designed to be compliant with Florida Statutes and may be amended as legislation changes. If any part of this policy is deemed invalid, it will not affect the validity of the remaining sections.