

<b><i>CAPITALIZATION AND TRACKING OF EQUIPMENT AND VEHICLES</i></b>	<b>POLICY</b>	
	<b>Document Number:</b>	FR-CRA-PL-0002
	<b>Version Number:</b>	01

**1.0 Purpose:**

This Policy establishes the authority and dollar limits for capitalization and tracking of equipment and vehicles.

**2.0 Scope:**

This applies to all VTA equipment and vehicles.

**3.0 Responsibilities:**

**CHIEF OFFICERS**

- a. Ensure that criteria are followed in capitalizing equipment and vehicles.
- b. Ensure that internal controls are in place to facilitate the tracking of equipment and vehicles.
- c. Ensure that appropriate employee is assigned to coordinate the biennial inventory count.

**ASSET ACCOUNTING**

- a. Ensure that capitalized costs are settled appropriately as assets.
- b. Coordinate the biennial physical inventory count of fixed asset equipment and vehicles. This shall include an announcement of the physical inventory schedule through a memo to various cost centers from the Chief Financial Officer.
- c. Maintain a database of fixed assets necessary to facilitate the physical inventory count, as well as comply with federal regulation.

**4.0 Policy:**

To establish a fixed asset system that will promote internal control and compliance with federal regulations, the following shall be observed:

- a. Fixed asset purchases with value of \$5,000 or more (per unit) shall be capitalized. These assets will be entered in the Fixed Asset Database maintained by Asset Accounting.

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- b. Information Technology (IT) shall label and track all Personal Computers, laptop computers and equipment attached to VTA's network with value of \$5,000 and above (per unit). For IT-related items that are less than \$5,000, the Chief Information Officer shall define those items that are critical to the operation which need to be tracked. Lists of fixed assets (with value of \$5,000 and above per unit) and critical assets shall be submitted to Asset Accounting on a biennial basis.
- c. Chief Officers shall maintain a "Critical Asset List" for each of their departments and submit to Asset Accounting concurrently with the results of the biennial physical inventory count. The critical asset list shall exclude equipment tracked separately by IT. If a Division Director believes that no critical assets are maintained within his/her division, a certification stating such shall be submitted to Asset Accounting.
- d. Biennially, Chief Officers shall take a physical inventory of equipment and vehicles, as well as critical assets. The inventory shall be certified for accuracy by the Chief Officer and returned to Asset Accounting.
- e. Asset Accounting shall issue fixed asset number tags for equipment and vehicles with value of \$5,000 and above. It is the division's responsibility to ensure that fixed asset number tags are affixed to the appropriate fixed asset.

## **5.0 Definitions:**

**Capitalized cost** refers to asset that meets the capitalization threshold and will be depreciated over its estimated life.

**Critical asset** refers to equipment with a value of less than \$5,000 (per unit) which is critical to the operation of the department and/or has a history of, or potential for, repetitive replacement. Examples of critical asset include cameras, DVD players, floor scrubbers/washers, etc.

**Equipment** includes those assets with assigned SAP asset class of 2007. Examples are wheel lifts, computer hardware, forklifts, cranes, etc.

**Inventory count** refers to the physical verification of assets recorded in the fixed asset database.

**Federal Regulations** refer to the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. These regulations set forth guidelines relating to use, management and disposition of equipment.

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**Fixed assets** refer to assets that have a value of \$5,000 or above (per unit). These are capitalized costs that will be depreciated over the estimated life of the asset.

**Fixed asset database** includes information relating to asset number, description, acquisition date, cost of the asset, location, funding source, and any disposition data including date of disposal.

**Fixed asset number tag** refers to a decal issued by Accounting. This provides the 7-digit number that is assigned by the SAP system to a fixed asset.

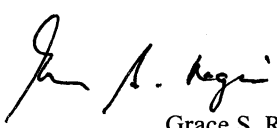
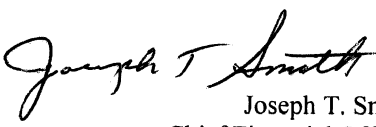

**Vehicles** include revenue vehicles/buses, non-revenue vehicles and light rail vehicles.

## **6.0 Summary of Changes:**

This policy is an amendment of Policy No. 50 on Capitalization and Tracking of Equipment. The changes are outlined below:

- a. Responsibilities of Chief Officers and Asset Accounting are included in this amendment.
- b. Physical inventory count will be conducted on a biennial basis.
- c. Critical asset list shall be submitted to Asset Accounting biennially, i.e. concurrently with the results of the Biennial Fixed Asset Inventory Count.

## **7.0 Approval Information:**

<i>Prepared by</i>	<i>Reviewed by</i>	<i>Approved by</i>
 Grace S. Ragni Fiscal Resources Manager	 Joseph T. Smith Chief Financial Officer	 Michael T. Burns General Manager