

RESOLUTION NO. 17-07-766

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF MOJAVE AIR AND SPACE PORT  
ADOPTING A POLICY REGARDING FIXED ASSETS

Whereas, Mojave Air and Space Port (the "District") acquires, uses, maintains, and disposes of fixed assets;

Whereas, the District desires to adopt a policy to better account for and control its fixed assets;

Now, therefore, be it resolved that the Board of Directors of Mojave Air and Space Port as follows:

1. The "Fixed Asset Policy" attached hereto as Exhibit 1, and incorporated herein by reference, is adopted by the District's Board of Directors.
2. This "Fixed Asset Policy" shall supersede any existing policies regarding fixed assets to the extent there is a conflict.

**PASSED, APPROVED AND ADOPTED** on July 18, 2017.



David Evans, President

ATTEST:

  
Jimmy R. Balentine, Secretary

(SEAL)

## EXHIBIT 1

### **Fixed Assets Policy**

1. The Mojave Air and Space Port will maintain records of fixed asset acquisition that will:
  - a. Enable reporting of fixed assets and accumulated depreciation in conformity with generally accepted accounting principles.
  - b. Enable administrators to account for and control all assets under their care.
  - c. Assist administrators in planning and providing proper equipment for operations by furnishing such data as useful life, location, and condition.
  - d. Aid administrators in determining insurable values and in securing insurance appraisals.
  - e. Aid administrators in substantiating loss in the event of fire, theft, or other catastrophe.
  - f. Encourage employees and others to better discharge their responsibilities in the care and use of the district's equipment.
2. The General Manager or designee shall establish procedures for managing fixed assets that satisfy the objectives of this policy. The General Manager shall establish capital and accounting thresholds that define those assets that are considered “capital” for depreciation purposes and “noncapital” for accounting control purposes.
3. Fixed assets that no longer have operational value due to obsolescence, lack of need, excess maintenance cost, damage, or loss may be disposed of with Board approval in conformity with requirements established in law. Gain or loss on the disposition will be recorded in conformity with generally accepted accounting procedures.

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**Fixed Assets**

1. Capitalization Threshold

- a. A fixed asset is any tangible or intangible asset purchased for use in the day-to-day operations of the district from which an economic benefit will be derived over a period greater than one year and has a value of \$5,000 or more. Fixed assets include, but are not limited to, items of property and equipment such as buildings, office furniture, fixtures, computers, software, and real property rights.
- b. Fixed assets will be recorded at historical cost in conformity with generally accepted accounting procedures. Depreciation or amortization will be recorded on the straight line basis giving due consideration to the assets' useful lives.

2. Accounting Threshold

- a. Any asset purchased for use in the day-to-day operations of the district from which an economic benefit will be derived over a period greater than one year and has a value of \$500 but less than \$5,000 will be considered a noncapitalized asset.
- b. Depreciation and amortization will not be recorded. However, adequate records will be maintained for noncapitalized assets throughout their useful lives to support claims for loss and to support operational planning.

3. Improvements vs. Maintenance

- a. Maintenance costs enable the serviceability of existing fixed assets within their original useful lives. Costs incurred maintaining fixed assets are not recorded as new fixed assets or increases to the carrying cost of existing fixed assets. Such costs are recorded as repairs and maintenance.
- b. Improvements are costs incurred that extend an existing fixed asset's useful life, increase its efficiency, or add new capabilities. Improvements will be recorded as new fixed assets and are depreciated using useful lives appropriate to the improvements. Costs of improvements include all materials and labor whether separately stated or not.

4. Construction

- a. Constructed asset costs meeting the capitalization threshold will be recorded as fixed assets whether built in whole or in part by contractors or by force account labor. All materials costs will be included along with contract labor.

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This includes items such as architectural, engineering, legal, consulting, project management from outside sources, etc. Force account labor will not be charged to the asset.

5. Capitalized Interest

- a. Interest cost incurred from borrowings to finance construction of assets is capitalized. The value is based on the total interest expense less total interest income earned on any related interest-bearing investments. Capitalized interest is calculated from the date of the borrowing to the date the asset is placed into service.

6. Custody and Control

- a. Fixed (capital) and noncapital assets shall be designated for use by department. The managers of the designated departments are responsible for establishing appropriate procedures to safeguard their assets from premature damage or loss and to monitor the assets' conditions and make recommendations for maintenance, improvement, disposal, and/or replacement.

7. Inventory

- a. An annual inventory of fixed assets shall be undertaken using procedures developed by the Director of Administration or designee.

8. Fixed Asset Disposal

- a. Fixed assets that no longer have operational value due to obsolescence, lack of need, excess maintenance cost, damage, or loss may be disposed of with Board approval in conformity with requirements established in law. Gain or loss on the disposition will be recorded in conformity with generally accepted accounting procedures.