

**ROSS VALLEY FIRE DEPARTMENT  
STAFF REPORT**

For the meeting of June 9, 2021

TO: Ross Valley Fire Board

FROM: Kevin Yeager, Deputy Director Fire

SUBJECT: Authorize the Fixed Assets Policy Update

---

**RECOMMENDATION**

That the Fire Board authorizes the Fixed Assets Policy Update that provides guiding principles regarding the acquisition, movement, sale, disposal, and physical inventory of fixed assets.

**BACKGROUND**

Property owned or controlled by the Ross Valley Fire Department is to be managed by methods and procedures, ensuring an economical and efficient system for the accountability, protection, and disposition of all of the Department's equipment. The Department adheres to the latest Governmental Accounting Standards Board (GASB) requirements, which establish Generally Accepted Accounting Principles (GAAP) for capital assets reporting for governmental funds. The procedures described in this policy will outline the guidelines for: (1) classification of property, (2) responsibilities of Material and Supply System, and (3) inventorying of property. For the purpose of this policy, the Department's property is classified into two general groups: (a) Capitalized and Accountable Property, and (b) Expendable Property.

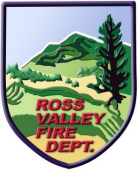
**DISCUSSION:**

The "Inventory Policy" adopted in May 2004 defines accountable property as assets whose dollar value exceeds \$500. The updated policy changes the value to \$5,000. Additionally, the policy increases the expendable property's value for inventory purposes from assets under \$500 to assets under \$1,000. Moreover, the updated policy states that assets with a cost over \$1,000 but less than \$5,000, and grant-funded equipment costing less than \$5,000 will be inventoried for control purposes only and not capitalized. Further, the policy update will ensure that the Department enhances its inventory and record-keeping processes.

**FISCAL IMPACT:**

There is no fiscal impact associated with this item.

**Attachments:** Fixed Assets Policy Update – Attachment #1  
Inventory Policy – Attachment #2



# ROSS VALLEY FIRE DEPARTMENT

Policies and Procedures  
Administration  
Rules of Conduct

**Fixed Assets Policy**

**Date Revised: 05/2021- By: M. Gonzalez**

**Date Created: 05/04**

**Page 1 of 6**

## SECTION 1: PURPOSE

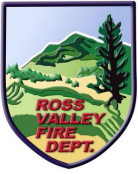
The "Fixed Assets Policy" objective is to provide guiding principles to the personnel of the Ross Valley Fire Department regarding the acquisition, movement, sale, disposal, and physical inventory of fixed assets. As well as to provide a tool for controlling property acquisition, availability, transference, and disposal.

## SECTION 2: POLICY

Property owned or controlled by the Ross Valley Fire Department is to be managed by methods and procedures, ensuring an economical and efficient system for the accountability, protection, and disposition of all of the Department's equipment. The Department adheres to the latest Governmental Accounting Standards Board (GASB) requirements, which establish Generally Accepted Accounting Principles (GAAP) for capital assets reporting for governmental funds.

The RVFD follows GFOA Recommended Practices when establishing recommended lives for capitalizable assets. If the life of a particular asset is estimated to be different than these guidelines, it may be changed. Following is a summary of the estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	50 years
Building Improvements	20 years
Improvements other than Buildings	35 years
Infrastructure	50 years
Equipment and Machinery	5 to 20 years



# ROSS VALLEY FIRE DEPARTMENT

Policies and Procedures  
Administration  
Rules of Conduct

<b>Fixed Assets Policy</b>	<b>Date Revised: 05/2021- By: M. Gonzalez</b>
<b>Date Created: 05/04</b>	<b>Page 1 of 6</b>

Capital assets are recorded at their “historical cost,” which is the original cost of the assets. Donations accepted by the department will be valued at the fair market value at the time of donation. Costs could include sales tax, freight charges, legal and title fees, closing costs, relocation costs, etc.

According to GASB 34, an estimate of the original cost is allowable without historical records. Standard costing estimates historical cost using a known average installed cost for a like unit at the estimated date of acquisition. Another recognized method is normal costing. An estimate of historical cost is based on the current reproduction cost indexed by a common factor of the price increase of a specific item or classification from the appraisal date to the estimated date acquired. When necessary, the Department will use whichever method gives the most reasonable amount based on available information.

The procedures described in this policy will outline the guidelines for: (1) classification of property, (2) responsibilities of Material and Supply System, and (3) inventorying of property.

## SECTION 3: CLASSIFICATION OF PROPERTY

Fixed assets include land, buildings and structures, equipment or supplies whose dollar value exceeds \$5,000, or any related capital lease. Further, department property is classified into two general groups: (a) Capitalized and Accountable Property, and (b) Expendable Property.

### A) Capitalized and Accountable Property:

Defined as nonexpendable property whose expected useful life is two years or longer and whose acquisition value, as determined by the department, warrants tracking in the department’s property records, including capitalized and sensitive property. Moreover, the capitalization threshold for capital assets will be an original cost of \$5,000 or more (recorded



# ROSS VALLEY FIRE DEPARTMENT

Policies and Procedures  
Administration  
Rules of Conduct

**Fixed Assets Policy**

**Date Revised: 05/2021- By: M. Gonzalez**

**Date Created: 05/04**

**Page 1 of 6**

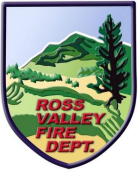
as an asset on the balance sheet versus expensing the item). Specific capitalization requirements are described as follows:

- All land will be capitalized regardless of cost
- Buildings, land improvements and infrastructure will be recorded if cost exceeds \$25,000
- All other assets must cost \$5,000 or more and have a useful life of two (2) or more years
- The capitalization threshold is applied to individual units of capital assets rather than groups. (e.g., five desks purchased for \$1,500 will not be capitalized even though the total (\$7,500) exceeds the threshold of \$5,000)
- Repairs to existing capital assets will generally not be subject to capitalization unless the repair extends the asset's useful life. In this case, the repair represents an improvement to existing capital assets. Such modifications will be presumed by definition to extend the useful life of the related capital asset and, therefore, be subject to capitalization if the cost exceeds \$5,000

## B) Expendable Property:

Refers to non-capitalized or fully depreciated property with no book value in the department's records. Moreover, it may be acquired without the prior written approval of the department up to the amount allowed in the approved budget and may be disposed of when it is no longer usable. Additionally, the expendable property will be identified as department property, yet it may or may not be issued an inventory number and has the following characteristics:

- Easily worn out with use.
- Identify changes with use.
- Is a component (i.e., tools within a toolbox, flashlights, gloves, brooms, mops, etc.)
- Approximate unit cost of less than \$1000.00.



# ROSS VALLEY FIRE DEPARTMENT

Policies and Procedures  
Administration  
Rules of Conduct

**Fixed Assets Policy**

**Date Revised: 05/2021- By: M. Gonzalez**

**Date Created: 05/04**

**Page 1 of 6**

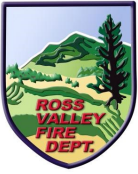
Further, assets with a cost over \$1000 but less than \$5,000, and grant-funded equipment costing less than \$5,000 will be inventoried for control purpose only and not capitalized; such assets are:

- all cameras and accessories
- photocopiers and fax machines
- video or projection equipment
- recording or transcribing machines
- two-way radios
- laptops, Ipads and tablets

## SECTION 4: Material Supply System

The Material Supply System (MSS) will be the responsibility of the Material Supply Officer (MSO). The MSO or is designee will be responsible and accountable for specific functions within the MSS under the supervision of the Operations Battalion Chief. The specific functions are:

- Requisition equipment and supplies in compliance with the Department Purchasing Policies and Procedures;
- Issue inventory numbers to new accountable equipment;
- Maintain the master inventory records;
- Maintain the necessary level of medical and other supplies needed for department operations;
- Issue or receive equipment to or from firefighter; and
- Maintain inventory records of equipment issued to firefighters



# ROSS VALLEY FIRE DEPARTMENT

Policies and Procedures  
Administration  
Rules of Conduct

<b>Fixed Assets Policy</b>	<b>Date Revised: 05/2021- By: M. Gonzalez</b>
<b>Date Created: 05/04</b>	<b>Page 1 of 6</b>

## SECTION 5: Assigning and Reporting Inventory Numbers

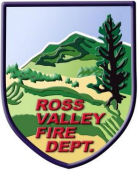
**A. Assigning Inventory Numbers:** To accurately account for property, the Material Supply Officer (MSO) will assign inventory numbers to accountable property as soon as it is received.

The following guidelines must be followed: (1) numbers shall be etched, tagged, or stenciled on the accountable property; (2) numbers shall be assigned numerically per the inventory sticker tags; and (3) Department's identification shall be shown on the property along with inventory (place numbering in a visible section away from areas of normal wear through handling).

**B. Inventory Control:** Property will be inventoried by equipment, hose, property lost, damaged or stolen, and surplus equipment.

I. Equipment Inventory: shall be entered in the master inventory database according to the following

Type:	Items:
Communication	Headset systems, all radio receivers, base radios, , all portables such cellphones and tablets
Emergency Equipment	SCBAs, defibrillators, extinguishers, blowers, chain saws, generators, nozzles, 4-ways, ladders, ropes, thermal imaging camera, water thief
Engines	Apparatus
Hose	Lengths of hose
Medical	Non-disposable medical equipment
Office Equipment	Computers, printers, copiers, fax machines, phones
Protective Clothing	All types



# ROSS VALLEY FIRE DEPARTMENT

Policies and Procedures  
Administration  
Rules of Conduct

<b>Fixed Assets Policy</b>	<b>Date Revised: 05/2021- By: M. Gonzalez</b>
<b>Date Created: 05/04</b>	<b>Page 1 of 6</b>

Station Equipment

Compressors, desks/tables/chairs, generators, shop tools, washers/dryers

- II. Hose Inventory: all department attack and supply hose shall have the inventory number, and "RVY" stenciled on them.
  
- III. Property lost, damaged, or stolen: Upon knowledge or report of lost, damage beyond repair or stolen property, the following steps are required.
  - o Complete a Property Lost or Damaged form (PLorD) and provide it to the MSO
  - o Once the MSO receives the form, a numerical PLorD by fiscal year control number will be issued, the property will be removed from the inventory control system by referencing the PLorD control number, and the form will be filed
  - o Stolen property and property damaged due to burglary or catastrophe shall be reported to the Operations Battalion Chief for insurance and/or law enforcement action
  
- IV. Surplus Equipment: all accountable equipment no longer serviceable or needed by the Department shall be declared surplus by resolution of the Fire Board. Further, such equipment shall be offered for sale or donated to other agencies or persons, and it shall be removed from the inventory control system upon completion of the bill of sale and transfer of equipment.

## ROSS VALLEY FIRE DEPARTMENT – MANUAL OF OPERATIONS

TITLE: Property Accounting and Material Supply System

CHAPTER:

ARTICLE:

SECTION:

DATE: 5/04 DATE REVISED: 07/06 BY: J. Lewis

### **Objective:**

Property owned or controlled by the Ross Valley Fire Department is to be managed by methods and procedures, which will insure an economical and efficient system for the accountability, protection and disposition of all of the Department's equipment.

### **Purpose:**

Property Inventory procedures described herein are designed to:

1. Provide guidelines for classification of property.
2. Provide guidelines for responsibilities of Material and Supply System
3. Provide guidelines for inventorying of property.

### **Classification of Property:**

Department property is classified into two general groups: accountable property and expendable property.

#### Accountable Property:

Accountable property shall be assigned an inventory number and has the following characteristics:

1. Normal useful life (including normal repairs) of two years or more.
2. Approximate unit cost of \$500.00 or more.
3. Can be used repeatedly without a change in its characteristics or depreciation of value.
4. Equipment which is budgeted and coded as capital expenditure as identified in line item purchases.

#### Expendable Property:



Expendable property will be identified as Department property (but may or may not be issued an inventory number) and has the following characteristics:

1. Easily worn out with use.
2. Identify changes with use.
3. Is a component (i.e. tools within a tool box, flashlights, gloves, brooms, mops, etc.)
4. Approximate unit cost of less than \$500.00.

### **Material Supply System:**

The Material/Supply System (MSS) will be the responsibility of the Material/Supply Officer. He/She or his/her designee will be responsible and accountable for specific functions (as specified below) within the MSS under the supervision of the Operations Battalion Chief.

1. Requisition equipment and supplies in compliance with the Department Purchasing Policies and Procedures.
2. Issue inventory numbers to new accountable equipment.
3. Maintain the master inventory records.
4. Maintain the necessary level of medical and other supplies needed for department operations.
5. Issue or receive equipment to or from firefighters.
6. Maintain inventory records of equipment issued to firefighters.

### **Assigning and Reporting Inventory Numbers**

#### Assigning Inventory Numbers:

Inventory numbers will be assigned, according to the following guidelines, to all accountable property immediately after receipt by the Material/Supply Officer or his/her designee.

1. Numbers shall be etched, tagged or stenciled on the accountable property.
2. Numbers shall be assigned numerically per the inventory sticker tags.
3. Department's identification shall be shown on property along with inventory number. Numbering shall be placed on equipment where readily visible and away from areas of normal wear through handling.

## **Inventory Control:**

### Equipment inventory:

Equipment inventory shall be entered into the master inventory database according to the following types:

Type:	Items:
Communication	Headset systems, Kenwood radios, base radios, radio receivers, all portables
Emergency Equipment	SCBAs, defibrillators, extinguishers, blowers, chain saws, generators, nozzles, 4-ways, ladders, ropes, thermal imaging camera, water thief
Engines	Apparatus
Hose	Lengths of hose
Medical	Medical equipment
Office Equipment	Computers, printers, copiers, fax machines, phones
Protective Clothing	All types
Station Equipment	Compressors, desks/tables/chairs, generators, shop tools, washers/dryers

## **Hose Inventory:**

The following guidelines shall be followed for the hose inventory control system:

1. All Department attack and supply hose shall have the inventory number and "RVY" stenciled on them.

## **Property Lost, Damaged or Stolen**

Upon knowledge or report of lost, damaged beyond repair or stolen property, the following procedures are required:

1. A Property Lost or Damaged Form shall be completed with the required information and forwarded to the Material/Supply Officer.
2. Upon receipt of the form, the Operations Officer shall issue a numerical PLorD control number by fiscal year, remove the property from the inventory control system (referencing the PLorD control number) and file the PLorD form.
3. Stolen property and property damaged due to burglary or catastrophe shall be reported to the Operations Battalion Chief for insurance and/or law enforcement action.

**Surplus Equipment:**

All accountable equipment no longer serviceable or needed by the Department shall be declared surplus by resolution of the Fire Board.

Surplus equipment shall be offered for sale or donated to other agencies or persons.

Equipment shall be removed from the inventory control system upon completion of the bill of sale and transfer of equipment.