

Regional Conservation Authority

**RESOLUTION NO. 08-010,
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION
AUTHORITY ADOPTING POLICY NO. RCA-AM002,
A POLICY ESTABLISHING "CONTROL OVER EQUIPMENT"**

Staff Contact:

**Honey Bernas, Director of
Administrative Services
(951) 955-2842**

Background:

The Authority is responsible for the management and accounting of its equipment. Staff believes it is important to adopt a policy to establish control over and provide procedures for the acquisition, disposal, financial reporting, and inventory of equipment.

The proposed administrative policy establishes procedures and provides guidance in the definition of terms, valuation, identification, acquisition, disposal and inventory certification for the management and accounting of the Authority's equipment.

Staff Recommendation:

That the RCA Executive Committee:

- 1) Recommend that the Board adopt Resolution No. 08-010, Adopting Policy No. RCA-AM002, a policy establishing "Control Over Equipment"; and
- 2) Authorize staff to agendize this matter for the June 9, 2008 Special Meeting of the RCA Board of Directors.

Attachments:

- 1) Resolution No. 08-010, Adopting Policy No. RCA-AM002, a policy establishing "Control Over Equipment."
- 2) Policy No. RCA-AM002

AGENDA ITEM NO. 14

**ATTACHMENT 1
RESOLUTION NO. 08-010**

RESOLUTION NO. 08-010

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
WESTERN RIVERSIDE COUNTY REGIONAL
CONSERVATION AUTHORITY ADOPTING POLICY NO.
RCA-AM002, CONTROL OVER EQUIPMENT**

WHEREAS, the Western Riverside County Regional Conservation Authority (the "Authority") is a public agency of the State of California formed by a Joint Exercise of Powers Agreement ("Agreement"); and

WHEREAS, the Authority is responsible for the management and accounting of its equipment; and

WHEREAS, the Authority believes it is important to adopt a policy to establish control over and provide procedures for the acquisition, disposal, financial reporting, and inventory of equipment; and

NOW, THEREFORE, BE IT RESOLVED that the Western Riverside County Regional Conservation Authority Board of Directors hereby adopts Policy No. RCA-AM002, a policy establishing "Control Over Equipment," a copy of which is attached hereto and incorporated herein.

PASSED AND ADOPTED at the regular meeting of the Board of Directors at the Western Riverside County Regional Conservation Authority held this ____ day of _____, 2008.

By: _____
Eugene Montanez, Chairman
Western Riverside County
Regional Conservation Authority

ATTEST:

By: _____
Honey Bernas, Clerk of the Board
Western Riverside County
Regional Conservation Authority

AGENDA ITEM NO. 14

**ATTACHMENT 2
ADMINISTRATIVE POLICY NO.
RCA-AM002**



SUBJECT: CONTROL OVER EQUIPMENT
--

SECTION:	3	CATEGORY: Asset Management
POLICY NO.: RESOLUTION NO.:	RCA-AM002 08-010	APPROVED BY: RCA Board of Directors
DATE APPROVED OR REVISED:	Pending	AGENDA ITEM NO.:

PURPOSE: To establish control over and provide procedures for the acquisition, disposal financial reporting, and inventory of equipment.

SCOPE: This policy applies to all RCA contractors and volunteers. These procedures apply to equipment that is to be capitalized and carried on the records as fixed assts.

POLICY: The RCA Director of Administrative Services shall be notified within 30 days of each acquisition, betterment, modification, disposal, transfer or change to fixed assets.

PROCEDURES:

Definitions:

Equipment: Fixed assets other than land, structures and improvements. Movable personal property of relatively permanent nature (three years or more) and of significant value, such as furniture, machines, tools, computers, research support assets and vehicles.

Contractor or Volunteer: Any person holding a regularly compensated position with the RCA, including regular full-time, part-time, temporary, seasonal, or any other classification of contractor, or an individual volunteering to work for the RCA in any capacity.

Significant value: Equipment and software valued at \$5,000 or more. However, borderline, sensitive, or attractive items of lesser value may be included in order to maintain accounting control.

Betterments: Betterments consist of the replacement of a unit of an existing asset by and *improved* or superior unit, usually resulting in a more productive efficient or longer lived property. Significant betterments are considered fixed assets and are added to the value of property improved. A significant betterment to a unit of equipment is one which results in an improvement of \$500 or more of the recorded value of the equipment. The cost of the betterment should be capitalized and added to the *value* of existing asset.

Additions: Additions are new and separate units, or extensions of existing units, and are considered to be fixed assets. As with betterments, the test of significance should be applied.

SECTION:	3
POLICY	RCA-AM002

Alterations: Alterations are changes in the physical structure or arrangement of fixed assets, the cost of which does not qualify as an increase in fixed assets under the definitions of betterments and additions. Alterations shall not be capitalized.

Maintenance: Maintenance is defined as expenditures which neither materially add to the value of the equipment nor appreciably prolong its life, but merely keep it in ordinary efficient operating condition. Maintenance costs are not capitalized as equipment.

VALUATION BASIS:

1. Equipment should be accounted for at cost on both the general ledger and subsidiary listing of equipment. In the absence of readily available cost figures and to avoid the extremely time consuming and costly search of old records for original costs of equipment, estimated cost will be assigned to each unit of equipment.
2. Equipment cost includes; purchase price or construction cost, sales tax, use tax, transportation tax, freight, other carrier charges and installation costs, less trade in allowances and discounts.
3. Equipment donated to RCA will be recorded at its fair market value as of the date of the gift. Surplus equipment purchased at minimal prices far below market value are, in part, donations and should be so valued.
4. Equipment acquired under capital lease purchase agreements should be capitalized at either the fair market value (cost before interest) of the equipment or the present value of the minimum lease payments. (This information is available in the lease agreement) The Department Head is responsible to insure title is transferred to RCA.

IDENTIFICATION OF EQUIPMENT:

1. For ease of identification and to expedite the taking of annual physical inventories, a tag showing property of RCA and the assigned unit identification number (fixed asset number), will be placed on every piece of furniture and equipment where it is possible to do so. It is recognized that labeling of some items, such as equipment habitually coated with dirt and grease, and certain medical and laboratory instruments, would not be practical. In such cases, fixed asset numbers should be painted or engraved on the equipment.
2. RCA will assign fixed asset numbers and properly affix these labels to the new equipment. The RCA will record from requisitions or purchase orders all necessary data for updating inventory listings for equipment purchases. RCA must record serial number on the receiving copy of the purchase order or the receiving copy of the requisition prior to submission for payment. Any change in existing equipment inventory listings will be in accordance with number 4 following.
3. Equipment constructed by other departments is also to be tagged. The constructing department will notify RCA of the total cost, including labor and material, and the

SECTION:	3
POLICY	RCA-AM002

location of the constructed equipment. RCA will then assign an identification number and will affix the identification label,

4. Betterments: If betterment, as defined under definitions, is acquired, the following procedure will apply:
 - a. If the betterment is an addition to an existing piece of equipment, the words “Add to Equipment Number (insert number)” must be shown on requisition and purchase order by which the item is acquired.
 - b. If the betterment is a replacement of a component of an existing piece of equipment, procedure above is to apply and the following additional information added to the requisition and purchase order. “Delete \$_____ (value of replaced component) from cost of original equipment.”

ACQUISITIONS:

For acquisitions of equipment, a fixed asset number will be assigned and each item of equipment will be entered into the Asset Module.

DISPOSAL OF FIXED ASSETS:

1. Stolen: A fixed asset that is stolen should be reported to the police and a police report obtained. RCA must provide a copy of the police report to the RCA Board and request a discharge of accountability if the current market value is \$5,000 or more. If the current market value is less than \$5,000, the Executive Director may request the Auditor-Controller to remove the item from the Asset Module.
2. Lost: When, after a sufficient and thorough investigation, a fixed asset is determined to be lost, RCA should request a discharge of accountability from the Board if the current market value is \$5,000 or more. If the current market value is less than \$5,000, the Executive Director may request the Auditor-Controller to remove the item from the Asset Module.
3. Trade-In: Fixed assets may be traded in for new fixed assets of a similar type upon approval by the Board. The purchase order for the new fixed asset should be noted to show fixed asset number, description and, if available, the serial number of the fixed asset traded in.
4. Salvage: All fixed assets to be salvaged with a current market value of \$5,000 or more must be approved by the Board. All other fixed assets can be declared surplus by the Executive Director.

SECTION:	3
POLICY	RCA-AM002

INVENTORY CERTIFICATION:

A physical inventory of RCA equipment shall be completed and reconciled to the RCA General Ledger annually at fiscal year-end. The RCA Executive Director, or his designee, will annually certify a completed inventory listing.

SECTION:	3
POLICY	RCA-AM002