

**RESOLUTION NO. 08-007**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN  
RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY  
ADOPTING POLICY NO. RCA-AM001, A CAPITALIZATION  
THRESHOLD POLICY**

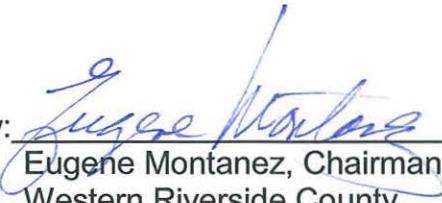
**WHEREAS**, the Western Riverside County Regional Conservation Authority (the "Authority") is a public agency of the State of California formed by a Joint Exercise of Powers Agreement ("Agreement"); and

**WHEREAS**, the Authority is responsible the management of the Authority's assets; and;


**WHEREAS**, the Authority believes it is important to adopt a policy to govern its capitalization threshold for asset management; and

**NOW, THEREFORE, BE IT RESOLVED** that the Western Riverside County Regional Conservation Authority Board of Directors hereby adopts Policy Number RCA-AM001, a "Capitalization Threshold Policy," a copy of which 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 9th day of June, 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



# Western Riverside County Regional Conservation Authority

**SUBJECT: CAPITALIZATION THRESHOLDS**

<b>SECTION:</b>	3	<b>CATEGORY:</b> Asset Management
<b>POLICY NO.:</b> <b>RESOLUTION NO.:</b>	RCA-AM001 08-007	<b>APPROVED BY:</b> RCA Board of Directors
<b>DATE APPROVED OR REVISED:</b>	06-09-08	<b>AGENDA ITEM NO.:</b> 7.2

**PURPOSE:** To provide guidance in the definition of terms, concepts, timelines, and thresholds for the capitalization of assets.

**POLICY:** To provide for consistent accounting and reporting of capital assets, the capitalization thresholds described in this policy must be applied when accounting for capital assets. This policy sets forth the minimum standards; however, the Regional Conservation Authority (RCA) should capitalize assets below the threshold whenever a business need justifies so doing.

## **PROCEDURES:**

### Definitions:

**Capital assets** include real and personal property and intangible assets of *significant value* having a useful life which extends beyond one year that are broadly classified as land, infrastructure, buildings, improvements, equipment, furniture and fixtures, automobiles, and intangible assets.

**Improvements** are modifications that extend the useful life or enhance the general utility of a capital asset.

**Intangible assets** include long-term assets that lack physical existence such as mineral rights, software and easements.

**Significant value** means that the cost of the asset meets or exceeds the threshold amounts as described in this policy.

**Non-capitalized assets** that do not meet significant value criterion or have a life less than one year are expensed at time of purchase.

**Real Property** includes land and buildings (structures) affixed to the land other than infrastructure structures.



The capitalization thresholds provided below apply to all assets acquired by, or donated to, the Regional Conservation Authority (RCA). Capital assets purchased with funds from programs or grants must follow the capitalization requirements specified by the program, grant, or other statutory requirement.

**Capitalization Thresholds and Timelines:**

Assets should be capitalized when they meet the following minimum values:

<b>Equipment</b> .....	\$5,000
<b>Real Property Thresholds:</b>	
Building (Structures).....	\$1
Land .....	\$1
Land Improvements .....	\$5000
Construction in Progress .....	\$5000

**Real Property Capitalization Timelines:**

Land: All costs within the first 90 days of escrow closing shall be capitalized. Between 90 days and two years after escrow closing, all costs over \$100.00 which are identified as acquisition related shall be capitalized.

**Acquisitions-in-progress (AIP):**

Land .....	\$1
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Acquisitions-in-progress will be reviewed quarterly. AIP no longer in progress will be inactivated and capitalized costs shall be reclassified to expense. Completed Acquisitions-in-progress will be capitalized.

**Valuation Basis**

The cost of a capital asset includes all costs necessary to place the asset in service (e.g., Pre acquisition reviews, appraisals, reports, negotiations, and other ancillary costs). Donated capital assets must be recorded at their fair value based on a current appraisal at the time of acquisition, plus ancillary charges, if any.

**Internal Control**

All capitalized **assets** shall be recorded in the Asset Management Module (AM), and valuation and existence will be reviewed and monitored annually by RCA management.

**REFERENCES:**

Establishing Appropriate Capital Thresholds for Tangible Capital Assets, GFOA, 2006

<b>SECTION:</b>	3
<b>POLICY</b>	RCA-AM001