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Status **Pending** PolicyStat ID **16178700**



San Bernardino County Employees'
Retirement Association

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Area	Administration
Applicability	SBCERA systemwide

Capital & Controlled Assets Policy

POLICY NO. 019

Purpose

The purpose of this policy is to establish guidelines for the physical control of and accountability for capital assets and controlled assets owned by the San Bernardino County Employees' Retirement Association (SBCERA).

Operating Criteria

The Chief Executive Officer (CEO) (or designee) shall maintain a capital and controlled assets system that provides for a complete record of individual capital assets and controlled assets owned by SBCERA.

Capital Assets

Capital assets are assets that are purchased by SBCERA having a single value greater than or equal to a capitalization threshold of \$25,000, are used in operations, and have an initial useful life extending beyond a single reporting period.

Capital assets may be either tangible assets (having a physical existence such as land, land improvements, buildings, building improvements, furniture, computers and equipment) or intangible assets (non-physical in nature such as computer software) and are reported as capital assets on SBCERA's Statement of Fiduciary Net Position.

Capital assets shall be recorded and reported at their historical cost, which includes all costs incurred to acquire, install, and prepare the asset for its intended use. These costs include tax, shipping, and other incidental costs. Capital assets donated to SBCERA shall be reported at their estimated fair value at the

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date of donation.

Useful lives are assigned to capital assets and are an estimate of the number of years the asset is expected to last. Useful lives are determined based on professional judgment, and by using past experience with similar assets, or other factors deemed appropriate to the particular circumstances of the asset. The CEO (or designee) shall establish estimated useful lives for major categories of capital assets and shall periodically review and adjust such categories to reflect actual experience when deemed appropriate. Capital assets are depreciated or amortized over the useful life of the asset in accordance with applicable standards set forth by GASB.

Capital asset improvement costs shall be added to the cost of the original asset if the value of the asset or estimated life is increased by 25% of the original cost, or the cost results in an increase in the capacity of the asset, or the efficiency of the asset is increased by more than 10%. If not, the improvement cost is considered a minor betterment and shall be expensed as a repair.

Controlled Assets

Controlled Assets are assets that are identified by the CEO (or designee) that must be secured and tracked as inventory, as the cost of these assets are below the capitalization threshold and reported as deductions (expenses) on SBCERA's Statement of Changes in Fiduciary Net Position.

Inventory of Capital and Controlled Assets

The CEO (or designee) shall conduct a physical count of inventory for capital and controlled assets at least once every other year. The following assets are excluded from the physical count:

- Stationary assets including, but not limited to, land, infrastructure and buildings.
- Items incapable of being individually and separately inventoried such as components of equipment which cannot be physically examined without taking the equipment out of service.
- Intangible assets.

Disposal of Capital and Controlled Assets

In order to maintain accurate capital and controlled asset records, asset disposals shall be recorded promptly. Assets determined to be obsolete or unusable may be declared surplus and disposed of. Assets are generally disposed of by auction, direct sale, donation, destruction, scrapped, recycled, or are traded in to reduce the cost of a replacement item.

If an asset is lost or destroyed by means other than above, the CEO must be notified immediately and appropriate action must be taken.

Assets identified as surplus shall be assigned a fair market value, based on a median sales price of the like property from an independent source, such as a reputable online or local vendor. If the fair market value is less than \$25,000, the method of disposal shall require the approval of the CEO (or designee). If the fair market value is \$25,000 or more, the Board of Retirement will choose the method of disposal.

Approval Signatures

Step Description	Approver	Date
Chief Counsel Review	Barbara Hannah: Chief Counsel	Pending
	Amy McInerny: Chief Financial Officer	7/9/2024

Applicability

SBCERA, SBCERA Internal

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