

**SAN GORGONIO PASS WATER AGENCY**  
1210 Beaumont Ave, Beaumont, CA 92223  
**Board Finance & Budget Workshop**  
**Agenda**  
September 24, 2018, at 1:30 p.m.

1. **Call to Order, Flag Salute**
2. **Adoption and Adjustment of Agenda**
3. **Public Comment:** Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on a specific agenda item, please complete a speaker's request form and hand it to the Board secretary. Speakers are requested to keep their comments to no more than five minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Board or staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to staff for follow up.
4. **New Business (Discussion and possible recommendations for action at a future regular Board meeting)**
  - A. Ratification of Paid Invoices and Monthly Payroll for August, 2018 by Reviewing Check History Reports in Detail\*
  - B. Review of Pending Legal Invoices\*
  - C. Review of August, 2018 Bank Reconciliation\*
  - D. Review of Budget Report for August, 2018\*
  - E. Review of Proposed Capitalization Policy\*
5. **Announcements**
  - A. San Gorgonio Pass Regional Water Alliance, September 26, 2018, 5:00 pm  
Banning City Hall
  - B. Regular Board Meeting, October 1, 2018, 1:30 pm
  - C. Engineering Workshop, October 8, 2018, 1:30 pm
6. **Adjournment**

\*Information Included In Agenda Packet

1. Materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Ave., Beaumont, CA 92223 during normal business hours. 2. Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, during regular business hours. When practical, these public records will also be available on the Agency's Internet website, accessible at <http://www.sgpwa.com>. 3. Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951-845-2577) at least 48 hours prior to the meeting to make a request for a disability-related modification or accommodation.

**San Geronio Pass Water Agency**  
**Check History Report**  
**August 1 through August 31, 2018**

ACCOUNTS PAYABLE
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Date	Number	Name	Amount
08/06/2018	118947	BEST BEST & KRIEGER	13,397.71
08/09/2018	118948	ACWA BENEFITS	862.42
08/09/2018	118949	EADIE AND PAYNE LLP	1,925.00
08/09/2018	118950	KENNETH M. FALLS	361.65
08/09/2018	118951	UNDERGROUND SERVICE ALERT	38.05
08/09/2018	118952	UNLIMITED SERVICES BUILDING MAINT.	295.00
08/09/2018	118953	WASTE MANAGEMENT INLAND EMPIRE	97.06
08/16/2018	118954	ALBERT WEBB ASSOCIATES	47,234.29
08/16/2018	118955	FRONTIER COMMUNICATIONS	1,269.25
08/16/2018	118956	GOPHER PATROL	102.00
08/16/2018	118957	NICE-INCONTACT	93.46
08/16/2018	118958	PETTY CASH	82.89
08/16/2018	118959	VISIONARY LOGICS	2,428.37
08/16/2018	118960	WATER RESOURCES CONSULTING	375.00
08/16/2018	118961	WELLS FARGO ELITE CREDIT CARD	4,188.98
08/27/2018	118962	AT&T MOBILITY	189.77
08/27/2018	118963	AVEK WATER AGENCY	606,052.21
08/27/2018	118964	DAVID TAUSSIG & ASSOCIATES, INC.	4,850.00
08/27/2018	118965	ERNST & YOUNG LLP	1,594.00
08/27/2018	118966	MATTHEW PISTILLI LANDSCAPE SERVICES	350.00
08/27/2018	118967	SAN BERNARDINO VALLEY MUNI WATER DISTRICT	168,075.26
08/27/2018	118968	SOUTHERN CALIFORNIA EDISON	198.79
08/27/2018	118969	CHERYLE M. STIFF	1,192.91
08/27/2018	118970	MICHAEL D. THOMPSON	299.20
08/27/2018	118971	THOMAS W. TODD, JR.	1,275.35
08/27/2018	118972	VALLEY OFFICE EQUIPMENT, INC.	147.60
08/27/2018	118973	WATER RESOURCES INSTITUTE	10,000.00
08/30/2018	118974	STANDARD INSURANCE COMPANY	455.10
08/15/2018	503076	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,163.52
08/30/2018	551595	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,140.53
08/15/2018	506620	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,457.10
08/30/2018	502650	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,452.43
08/15/2018	900196	CALPERS RETIREMENT	6,757.94
08/16/2018	900197	CALPERS HEALTH	7,732.67
08/27/2018	900198	CALPERS FINANCIAL REPORTING	350.00
08/30/2018	900199	CALPERS RETIREMENT	6,783.16
08/31/2018	900200	DEPARTMENT OF WATER RESOURCES	553,028.00
TOTAL ACCOUNTS PAYABLE CHECKS			1,458,296.67

**San Gorgonio Pass Water Agency**  
**Check History Report**  
**August 1 through August 31, 2018**

PAYROLL
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Date	Number	Name	Amount
08/14/2018	801587	JEFFREY W. DAVIS	4,979.83
08/14/2018	801588	KENNETH M. FALLS	3,063.23
08/14/2018	801589	STEPHEN J. LEHTONEN	959.62
08/14/2018	801590	CHERYLE M. STIFF	2,213.17
08/14/2018	801591	THOMAS W. TODD, JR.	3,464.14
08/29/2018	801592	DAVID J. CASTALDO	1,199.54
08/29/2018	801593	JEFFREY W. DAVIS	4,979.83
08/29/2018	801594	RONALD A. DUNCAN	1,199.54
08/29/2018	801595	KENNETH M. FALLS	3,235.48
08/29/2018	801596	DAVID L. FENN	1,199.54
08/29/2018	801597	STEPHEN J. LEHTONEN	1,199.54
08/29/2018	801598	LEONARD C. STEPHENSON	1,199.54
08/29/2018	801599	CHERYLE M. STIFF	2,213.17
08/29/2018	801600	MICHAEL D. THOMPSON	1,199.54
08/29/2018	801601	THOMAS W. TODD, JR.	3,464.14
TOTAL PAYROLL			35,769.85
TOTAL DISBURSEMENTS FOR AUGUST, 2018			1,494,066.52

SAN GORGONIO PASS WATER AGENCY  
New Vendors List  
September, 2018

Vendor - Name and Address	Expenditure Type
Matthew Pistilli Landscape Service change of address old address: 871 W. Fourth St, Suite C.; Beaumont, CA 92223 new address: 601 E. 13th St.; Beaumont, CA 92223 confirmed by Matthew Pistilli	Building Maintenance
Press-Enterprise subscription change of address old address: P O Box 7154; Pasadena, CA 91109-7154 new address: 605 E Huntington Dr. Suite 100; Monrovia, CA 91016 confirmed by Kim, customer service agent	Office Expense
Delta Conveyance Finance Authority ATTN: Treasurer; Metropolitan Water District of Southern California; P O Box 54153; Los Angeles, CA 90054-0153	Debt Service Expense

**SAN GORGONIO PASS WATER AGENCY**

**LEGAL INVOICES  
ACCOUNTS PAYABLE INVOICE LISTING**

<u>VENDOR</u>	<u>INVOICE NBR</u>	<u>COMMENT</u>	<u>AMOUNT</u>
BEST, BEST & KRIEGER	180831	LEGAL SERVICES AUG18	13,644.90

TOTAL PENDING INVOICES FOR AUGUST 2018

13,644.90

**SAN GORGONIO PASS WATER AGENCY  
BANK RECONCILIATION  
August 31, 2018**

BALANCE PER BANK AT 07/31/2018 - CHECKING ACCOUNT \$768,872.19

LESS OUTSTANDING CHECKS

<u>CHECK NUMBER</u>	<u>AMOUNT</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
118962	189.77	118970	299.20
118963	606,052.21	118973	10,000.00
118965	1,594.00	118974	455.10
	<u>607,835.98</u>		<u>10,754.30</u>

TOTAL OUTSTANDING CHECKS -\$618,590.28

BALANCE PER GENERAL LEDGER 150,281.91

BALANCE PER GENERAL LEDGER AT 07/31/2018 402,793.15

**CASH RECEIPTS FOR AUGUST** **735,795.85**

**CASH DISBURSEMENTS FOR AUGUST**

ACCOUNTS PAYABLE - CHECK HISTORY REPORT	-1,458,296.67	
PAYROLL TRANSFER - BANK OF HEMET	-40,000.00	
		<u><u>-1,498,296.67</u></u>

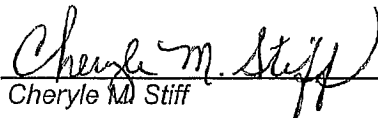
BANK CHARGES -10.42

TRANSFER FROM LAIF 1,010,000.00

TRANSFER TO TVI -500,000.00

BALANCE PER GENERAL LEDGER AT 07/31/2018 150,281.91

REPORT PREPARED BY:

  
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 Cheryl M Stiff

**SAN GORGONIO PASS WATER AGENCY  
DEPOSIT RECAP  
FOR THE MONTH OF AUGUST 2018**

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
<b>DEPOSIT TO CHECKING ACCOUNT</b>				
8/2/18	RIVERSIDE COUNTY	PROPERTY TAXES	254,542.60	254,542.60
8/13/18	DAVID CASTALDO	REPAY BCC LUNCH FOR WIFE	40.00	
8/13/18	YVWD	WATER SALES	27,482.46	27,522.46
8/22/18	STATE OF CALIF/DWR	YUBA REFUND AND CREDIT	4,064.37	
8/22/18	STATE OF CALIF/DWR	DAVIS-DOLWIG 2017 CREDIT	24,973.00	
8/22/18	BCVWD	WATER SALES	344,262.00	373,299.37
8/28/18	AMERICAN TOWER	CELL TOWER LEASE FY18-19	27,012.21	27,012.21
8/28/18	TVI	CD - BOND INTEREST	53,419.21	53,419.21
TOTAL FOR AUGUST 2018			735,795.85	735,795.85

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2018-19  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TWO MONTHS ENDING ON AUGUST 31, 2018**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019						
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET	
<b>GENERAL FUND - INCOME</b>				Comparison:	83%	
<b>INCOME</b>						
WATER SALES	5,600,000		5,600,000	371,744.46	93.36%	
TAX REVENUE	2,650,000		2,650,000	101,257.08	96.18%	
INTEREST	200,000		200,000	22,543.37	88.73%	
DESIGNATED REVENUES	1,750,000		1,750,000	0.00	100.00%	
CAPACITY FEE	0		0	0.00		
OTHER (REIMBURSEMENTS, TRANSFERS)	29,000		29,000	27,052.21	6.72%	
<b>TOTAL GENERAL FUND INCOME</b>	10,229,000	0	10,229,000	522,597.12	94.89%	
<b>GENERAL FUND - EXPENSES</b>						
<b>COMMODITY PURCHASE</b>						
PURCHASED WATER	6,000,000		6,000,000	317,006.00	94.72%	
<b>TOTAL COMMODITY PURCHASE</b>	6,000,000	0	6,000,000	317,006.00	94.72%	
<b>SALARIES AND EMPLOYEE BENEFITS</b>						
SALARIES	470,000		470,000	78,581.76	83.28%	
PAYROLL TAXES	41,000		41,000	7,163.60	82.53%	
RETIREMENT	312,000		312,000	50,969.14	83.66%	
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	22,000		22,000	4,780.10	78.27%	
HEALTH INSURANCE	67,000		67,000	15,884.61	76.29%	
DENTAL INSURANCE	4,800		4,800	803.00	83.27%	
LIFE INSURANCE	1,600		1,600	261.14	83.68%	
DISABILITY INSURANCE	5,000		5,000	817.25	83.66%	
WORKERS COMP INSURANCE	3,700		3,700	0.00	100.00%	
SGPWA STAFF MISC. MEDICAL	10,000		10,000	2,156.91	78.43%	
EMPLOYEE EDUCATION	1,000		1,000	0.00	100.00%	
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	938,100	0	938,100	161,417.51	82.79%	



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FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019						
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET	
<b>GENERAL FUND - EXPENSES</b>				Comparison:	83%	
<b>ADMINISTRATIVE &amp; PROFESSIONAL</b>						
DIRECTOR EXPENDITURES						
DIRECTORS FEES	111,000		111,000	15,067.24	86.43%	
DIRECTORS TRAVEL & EDUCATION	15,000		15,000	1,409.00	90.61%	
DIRECTORS MISC. MEDICAL	23,000		23,000	299.20	98.70%	
OFFICE EXPENDITURES						
OFFICE EXPENSE	22,000		22,000	643.39	97.08%	
POSTAGE	600		600	0.00	100.00%	
TELEPHONE	12,000		12,000	1,694.30	85.88%	
UTILITIES	4,000		4,000	137.41	96.56%	
<b>SERVICE EXPENDITURES</b>						
COMPUTER, WEB SITE AND PHONE SUPPORT	9,000		9,000	225.00	97.50%	
GENERAL MANAGER & STAFF TRAVEL	20,000		20,000	3,743.25	81.28%	
INSURANCE & BONDS	24,000		24,000	0.00	100.00%	
ACCOUNTING & AUDITING	21,000		21,000	1,925.00	90.83%	
STATE WATER CONTRACT AUDIT	5,500		5,500	1,594.00	71.02%	
DUES & ASSESSMENTS	31,500		31,500	1,044.00	96.69%	
OUTSIDE PROFESSIONAL SERVICES	10,000		10,000	350.00	96.50%	
BANK CHARGES	1,500		1,500	147.31	90.18%	
MISCELLANEOUS EXPENSES	500		500	0.00	100.00%	
<b>MAINTENANCE &amp; EQUIPMENT EXPENDITURES</b>						
TOOLS PURCHASE & MAINTENANCE	500		500	0.00	100.00%	
VEHICLE REPAIR & MAINTENANCE	7,000		7,000	766.02	89.06%	
MAINTENANCE & REPAIRS - BUILDING	15,000		15,000	1,586.12	89.43%	
MAINTENANCE & REPAIRS - FIELD	4,000		4,000	38.05	99.05%	
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	0.00	100.00%	
COUNTY EXPENDITURES						
LAFCO COST SHARE	7,000		7,000	5,286.99	24.47%	
ELECTION EXPENSE	125,000		125,000	0.00	100.00%	
TAX COLLECTION CHARGES	12,500		12,500	216.72	98.27%	
<b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>	<b>631,600</b>	<b>0</b>	<b>631,600</b>	<b>36,173.00</b>	<b>94.27%</b>	

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2018-19  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TWO MONTHS ENDING ON AUGUST 31, 2018**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>				Comparison:	83%
<b>GENERAL ENGINEERING</b>					
GRANT WRITER	20,000		20,000	0.00	100.00%
NEW WATER					
PROGRAMATIC EIR	0		0	0.00	
UPDATED STUDY ON AVAILABLE SOURCES	7,500		7,500	0.00	100.00%
SGMA SUPPORT	200,000		200,000	0.00	100.00%
STUDIES					
USGS	115,000		115,000	45,151.87	60.74%
WATER RATE NEXUS STUDY	25,000		25,000	0.00	100.00%
WATER RATE FINANCIAL MODELING	12,000		12,000	4,850.00	59.58%
CAPACITY FEE NEXUS STUDY UPDATE	25,000		25,000	0.00	100.00%
WHEELING RATE STUDY	10,000		10,000	0.00	100.00%
OTHER PROJECTS					
BASIN MONITORING TASK FORCE	18,000		18,000	13,712.00	23.82%
EAST BRANCH MEETINGS	18,000		18,000	0.00	100.00%
GENERAL AGENCY - CEQA AND GIS SERVICES	10,000		10,000	0.00	100.00%
<b>TOTAL GENERAL ENGINEERING</b>	<b>460,500</b>	<b>0</b>	<b>460,500</b>	<b>63,713.87</b>	<b>86.16%</b>
<b>LEGAL SERVICES</b>					
LEGAL SERVICES - GENERAL	190,000		190,000	18,707.06	90.15%
<b>TOTAL LEGAL SERVICES</b>	<b>190,000</b>	<b>0</b>	<b>190,000</b>	<b>18,707.06</b>	<b>90.15%</b>
<b>CONSERVATION &amp; EDUCATION</b>					
SCHOOL EDUCATION PROGRAMS	14,000		14,000	0.00	100.00%
ADULT EDUCATION PROGRAMS	5,000		5,000	0.00	100.00%
OTHER CONSERVATION, EDUCATION AND P. R.	35,000		35,000	10,000.00	71.43%
<b>TOTAL CONSERVATION &amp; EDUCATION</b>	<b>54,000</b>	<b>0</b>	<b>54,000</b>	<b>10,000.00</b>	<b>81.48%</b>

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2018-19  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TWO MONTHS ENDING ON AUGUST 31, 2018**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>				Comparison:	83%
<b>GENERAL FUND CAPITAL EXPENDITURES</b>					
BUILDING & EQUIPMENT					
BUILDING	10,000		10,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	10,000		10,000	0.00	100.00%
OTHER EQUIPMENT	0		0	0.00	
TRANSPORTATION EQUIPMENT	0		0	0.00	
FIESTA RECHARGE FACILITY					
POST DESIGN	450,000		450,000	47,234.29	89.50%
CONSTRUCTION	3,950,000		3,950,000	0.00	100.00%
FENCING	100,000		100,000	0.00	100.00%
MITIGATION	15,000		15,000	0.00	100.00%
LANDSCAPING/POWER/WATER	60,000		60,000	0.00	100.00%
BUNKER HILL CONJUNCTIVE USE PROJECT	10,000		10,000	0.00	100.00%
NOBLE TURNOUT EXPANSION					
DESIGN	25,000		25,000	0.00	100.00%
CONSTRUCTION	295,000		295,000	0.00	100.00%
POST DESIGN	30,000		30,000	0.00	100.00%
SITES RESERVOIR	0		0	0.00	
MONITORING WELLS USGS	1,020,000		1,020,000	3,747.53	99.63%
<b>TOTAL GENERAL FUND CAPITAL EXPENDITURES</b>	<b>5,975,000</b>	<b>0</b>	<b>5,975,000</b>	<b>50,981.82</b>	<b>99.15%</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>0</b>		<b>0</b>	<b>0.00</b>	
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>14,249,200</b>	<b>0</b>	<b>14,249,200</b>	<b>657,999.26</b>	<b>95.38%</b>
<b>WITHDRAWALS FROM RESERVES</b>	<b>4,575,000</b>		<b>4,575,000</b>		
<b>TOTAL TRANSFERS TO/FROM RESERVES</b>	<b>4,575,000</b>		<b>4,575,000</b>	<b>0.00</b>	
<b>GENERAL FUND NET INCOME YEAR TO DATE</b>	<b>554,800</b>	<b>0</b>	<b>554,800</b>	<b>-135,402.14</b>	

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2018-19  
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FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>DEBT SERVICE FUND - INCOME</b>				Comparison:	83%
<b>INCOME</b>					
TAX REVENUE	23,586,539		23,586,539	615,201.58	97.39%
INTEREST	415,000		415,000	40,077.11	90.34%
GRANTS	0		0	0.00	
DWR CREDITS - BOND COVER, OTHER	2,977,993		2,977,993	29,037.37	99.02%
<b>TOTAL DEBT SERVICE FUND INCOME</b>	26,979,532	0	26,979,532	684,316.06	97.46%
<b>DEBT SERVICE FUND - EXPENSES</b>					
<b>EXPENSES</b>					
SALARIES	58,000		58,000	10,185.76	82.44%
PAYROLL TAXES	4,500		4,500	779.19	82.68%
BENEFITS	33,000		33,000	9,445.08	71.38%
SWC CONTRACTOR DUES	75,000		75,000	64,199.00	14.40%
STATE WATER CONTRACT PAYMENTS	19,200,000		19,200,000	329,721.00	98.28%
WATER TRANSFERS	2,250,000		2,250,000	2,249,470.50	0.02%
STATE WATER PROJECT LEGAL SERVICES	0		0	0.00	
USGS	0		0	0.00	
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	0.00	100.00%
SWP ENGINEERING	75,000		75,000	0.00	100.00%
DEBT SERVICE UTILITIES	11,000		11,000	1,765.44	83.95%
TAX COLLECTION CHARGES	70,000		70,000	1,228.10	98.25%
<b>TOTAL DEBT SERVICE FUND EXPENSES</b>	21,926,500	0	21,926,500	2,666,794.07	87.84%
<b>TRANSFERS FROM RESERVES</b>	0		0	0.00	
<b>DEBT SERVICE NET INCOME YEAR TO DATE</b>	5,053,032	0	5,053,032	-1,982,478.01	

**SAN GORGONIO PASS WATER AGENCY  
CAPITALIZATION POLICY  
SEPTEMBER 24, 2018**

**DRAFT**

Purpose

This accounting policy establishes the capitalization amount that shall be used to determine the capital assets that are to be recorded in the annual financial statements and asset records of the San Gorgonio Pass Water Agency.

Capital Asset Definition

A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; and (2) was acquired or produced for a cost of \$5,000 or more. Capital Assets must be capitalized and depreciated for financial statement purposes. Capital Assets, or Fixed Assets, generally include items of property and equipment such as buildings, leasehold improvements, water supply facilities, office furniture, fixtures, computers and other technology-related equipment.

Capitalization Thresholds

The San Gorgonio Pass Water Agency establishes \$5,000 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in the accounting records and financial statements of the San Gorgonio Pass Water Agency.

Capitalization Method and Procedure

The basis of accounting for capital assets is the historical acquisition cost, and all normal expenditures, including installation costs, architect-engineer fees, etc., of readying an asset for use will be capitalized. However, unnecessary expenditures that do not add to the utility of the asset will be charged to the period incurred.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost. Repairs or improvements to a capital asset will be reviewed by management in accordance with the above principles to determine their inclusion or exclusion in the capital asset listing.

Recordkeeping

Invoices substantiating an acquisition cost of each unit of property shall be retained according to guidelines set by the document retention policy of the San Gorgonio Pass Water Agency.

### Asset Review

The assets and the asset listing should be reviewed annually. New assets need to listed, and assets that are no longer in service should be disposed of and removed from the list. Procedures and policies for the proper disposal of surplus property are described in other policy statements of the San Gorgonio Pass Water Agency.

### Policy Review

This policy should be reviewed periodically, to make sure the asset threshold and the procedures meet current accounting standards and the needs of the San Gorgonio Pass Water Agency.