

Title:		Contents:	P-2710
PURCHASE OF FIXED ASSETS IN EXCESS OF \$250,000 (PER UNIT COST)		Submitted By:	Purchasing Division
		Approved By:	Purchasing Agent
Effective Date:	09-29-09	Supersedes No.:	12-01-01
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Policy

Pursuant to Board policy adopted and effective October 16, 2001, County departments must obtain Board approval to purchase or finance any equipment with a unit cost or a Fixed Asset system with an aggregate total cost of \$250,000 or greater prior to submitting a requisition to the Purchasing Agent to process a purchase order. Departments must also include an updated list of Board approved actual equipment purchases with their Board request, if the proposed purchase had not previously been reported or varies from the Board approved purchases.

Definition

Fixed assets consist of land, buildings/improvements, and equipment. Existing County policies require detailed disclosure in the budget and Board approved appropriations for each capital project (including land acquisition) and refurbishment that exceeds \$100,000.

Equipment is defined as a major movable capital asset having an expected useful life that exceeds one year. County policy has established \$5,000 as the minimum value of an individual item for purposes of classification as equipment. Similar items having a unit value of less than \$5,000 are classified as services and supplies expenditures.

Equipment is acquired by direct purchase, by lease purchase through the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL), or by lease purchase using alternative financing arrangements. LAC-CAL and other lease purchase financing programs are administered by the Chief Administrative Office.

Equipment Classification Requirements

Equipment classification categories are intended to provide an appropriate level of disclosure for all proposed equipment acquisitions. The categories reflect equipment items that are representative of the County's equipment portfolio, with particular emphasis on areas with high volumes of activity, such as vehicles.

Most departmental equipment needs are identified and authorized by the Board when the Proposed Budget is adopted each year. After the Proposed Budget has been adopted, additional equipment appropriations that are recommended as part of final budget changes or budget adjustments would require categorical disclosures.

Items intended to be acquired through LAC-CAL or other lease purchase arrangements would require departments to obtain specific Board approval if they were not included in the disclosures that were submitted in the Proposed Budget.

Approval Requirements for Major Equipment Acquisitions

In addition to the classification categories that would accompany the budgetary approvals to acquire equipment, requisitions for individual equipment items with a unit cost or a Fixed Asset system purchase of \$250,000 or greater must be submitted by departments to the Board for approval.

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Note: The aggregate total cost of a Fixed Asset system purchase should include all individual components that would not operate independently, regardless of individual component unit costs.

Departments are required to submit requisitions to the Purchasing Agent for equipment that is purchased or financed. The Purchasing Agent will not proceed with the purchasing transaction for items with a unit price greater than \$250,000 unless the applicable department has obtained Board approval.