



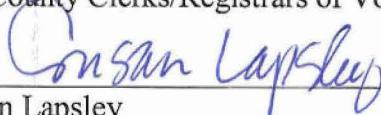
**DEBRA BOWEN** | SECRETARY OF STATE | STATE OF CALIFORNIA  
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July 6, 2012

County Clerk/Registrar of Voters (CC/ROV) Memorandum #12219

TO: All County Clerks/Registrars of Voters

FROM:

  
\_\_\_\_\_  
Susan Lapsley  
Deputy Secretary of State and Counsel

RE: Voting Systems: Handling the Sale & Funds from the Sale of Voting Systems or Voting Equipment

As county elections officials consider disposing of voting systems or voting equipment purchased with Help America Vote Act (HAVA) and/or Voting Modernization Bond (VMB) funding, they should keep the following guidelines in mind:

- No pre-approval or permission is required by the VMB Board, the Secretary of State or the U.S. Election Assistance Commission (EAC).
- Sales should conform to county purchasing procedures. If those do not exist, counties should rely on the [State Administrative Manual](#) (SAM Chapter 8600).
- Individual voting machines and supporting equipment, including components supporting a voter registration list, should be valued collectively as a voting system.
- A solid audit trail should be maintained and include:
  - a. All information relevant to valuation.
  - b. Documentation relevant to the source of funding used for the original purchase of the equipment being sold or disposed of.
  - c. Information relevant to the actual sale or disposition, including the date, amount of the actual sale, which equipment was involved (description and inventory numbers) and receipts.
- Prior to disposing or selling of any voting system or portion thereof, ensure the equipment is formatted so there is no software or firmware remaining on the equipment. All equipment should be taken back to a condition where it is solely a non-functioning piece of hardware. For specific

information on how to do this, refer to the User's Manual or contact the voting system vendor directly.

The proceeds from any sale are treated differently depending on whether the equipment was purchased using VMB funding or HAVA funding.

#### Voting Modernization Bond Funding

As VMB funding was awarded on a 3:1 matching basis, 75% of the proceeds from any sale must be returned to the VMB. If county funds were used for any portion of the match, the corresponding percentage of proceeds of that funding should be handled according to county requirements. If HAVA funds were used for any portion of the 25% match, the corresponding percentage of proceeds of that funding should be handled as described below.

Proceeds from a sale that are returned to the VMB will be held in the selling county's name and will be set aside for re-distribution to that county upon application.

#### Help America Vote Act Funding

The proceeds from any sale of equipment that was purchased with HAVA funding should be handled as follows:

- If the fair market value of the HAVA portion of the equipment is less than \$5,000, the equipment may be sold and the county may keep the HAVA portion of the proceeds of the sale and use the money for whatever purpose it deems appropriate. For example, if equipment purchased using 75% VMB funds and 25% HAVA funds is sold for \$7,000, the HAVA proceeds from that sale are \$1,750 and may remain with the county.
- If the fair market value of the HAVA portion of the equipment is \$5,000 or more, the funds must be kept by the county in a separate interest-bearing account. For example, if equipment purchased using 20% VMB funds and 80% HAVA funds is sold for \$7,000, the HAVA portion of the proceeds from that sale are \$5,600 and therefore must be kept by the county in a separate interest-bearing account.
- The HAVA proceeds from any sale and any interest earned on those proceeds must be used to fund items or activities authorized by Sections 101 or 251 of HAVA.
- Report to the Secretary of State within 30 days, the disposition or sale of any voting system or voting equipment. If the sale or disposition occurred prior to the issuance of this CCROV, report such sale or disposition within 30 days of this CCROV. The report should include:
  1. What items were sold (description, quantity and inventory numbers),
  2. The sale price,
  3. The date of sale,
  4. Valuation documentation, and
  5. Certification that the proceeds have been placed in a separate interest-bearing account, if applicable.

- Once a separate interest bearing account has been established for the deposit of proceeds from any sale, on or before February 15 of each subsequent year, the county shall report to the Secretary of State the principle balance and any interest earned in that account for the prior calendar year. If any of the proceeds and interest have been used for items or activities authorized by Sections 101 or 251 of HAVA, the county should include all information and documentation relating to how and when the money was spent.

If you have any questions, please contact Kaye Kaufman at (916) 657-2376 or [kaye.kaufman@sos.ca.gov](mailto:kaye.kaufman@sos.ca.gov).

Reference: [FAO 08-006](#), [FAO 08-007](#), [CC/ROV #11045](#), [CC/ROV #092002](#), and [VMB 05/18/2012 Meeting Minutes](#)