



Board Agenda Item 48

DATE: September 13, 2016

TO: Board of Supervisors

SUBMITTED BY: Robert W. Bash, Director of Internal Services/Chief Information Officer

SUBJECT: Approve Reclassification of Expenses Determined to be Capital Expenditures

RECOMMENDED ACTION(S):

Approve reclassification of FY 2015-16 expenses determined to be capital assets under County Management Directives.

Approval of the recommended action will allow the Internal Services Department - Facility Services Division to properly account for Job Order Contracting (JOC) expenditures incurred in FY 2015-16 on renovation projects and determined to be properly accounted for as capital assets per County Management Directives. The recommended action will also allow for the resulting capital expenditures listed in Exhibit A to be added to the County's Asset Management System.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended action, the identified expenditures incurred in FY 2015-16 Facility Services Org 8935, as listed in Exhibit A, would not be capitalized and depreciated over their useful life which is inconsistent with proper accounting practices.

FISCAL IMPACT:

There is no budgetary impact to the FY 2015-16 nor the current fiscal year. Approval of the recommended action will reclassify JOC expenditures incurred in FY 2015-16, shown in Exhibit A, as capital expenditures. Additionally, approval of the recommended action will allow the County to add the reclassified expenditures into the Asset Management System to track depreciation of the capital expenditures and properly record the assets for reporting purposes.

DISCUSSION:

For the period of July 1, 2015 through June 30, 2016, staff has identified \$720,435 (as listed in Exhibit A) of expenditures that occurred in Facility Services Org 8935 which resulted from JOC renovation projects that meet the criteria for capitalization. In order to be in compliance with the County Budget Act (California Government Code Section 29000 et. Seq.) and to abide by CAO Management Directive 413.1-Capital Assets, staff is requesting that your Board approve the reclassification of these expenses to allow for proper capitalization and addition to the County's Asset Management System.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A

CAO ANALYST:

John Hays