



# Board Agenda Item 31

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DATE: November 4, 2025

TO: Board of Supervisors

SUBMITTED BY: Raymond T. Hunter, Director, General Services Department

SUBJECT: Reclassification of Expenses Determined to be Capital Assets

RECOMMENDED ACTION(S):

**Approve reclassification of approximately \$4,844,605 in FY 2024-25 General Services Department - Facility Services Org 8935 expenditures determined to be Capital Assets as identified in Exhibit A, pursuant to the County Budget Act and County Administrative Office Management Directive 400 - Property and Equipment.**

There is no additional Net County Cost associated with the recommended action, which will allow the General Services Department - Facility Services division (GSD-Facility Services) to properly account for capital expenditures incurred in FY 2024-25. The expenses are related to renovation projects and other equipment purchases which should have been accounted for as capital assets per County Administrative Office - Management Directive 400 (MD 400), section 412.1 and the County Budget Act (California Government Code, section 29000 et seq.). Approval of the recommended action will allow for the resulting capital expenditures listed in Exhibit A to be added to the County's Asset Management System (AMS) in accordance with MD 400, section 413.1. This item is countywide.

ALTERNATIVE ACTION(S):

There are no viable alternative actions. Should your Board not approve the recommended action, the identified capital asset expenditures incurred in FY 2024-25 would not be capitalized and depreciated over their useful life, which is inconsistent with proper accounting procedures and MD 400.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. Approval of the recommended action would reclassify approximately \$4,844,605 in capital asset expenditures incurred in FY 2024-25 for GSD-Facility Services Org 8935. Additionally, approval will allow GSD to add the reclassified expenditures into the County's AMS to track depreciation of the capital expenditures and appropriately record the assets for reporting purposes.

DISCUSSION:

Expenditures are incurred by GSD-Facility Services on a per-job basis as requested by user departments; these include projects that may or may not meet the criteria for capitalization. Annually, GSD conducts a review of expenditures that meet the criteria and submits a request for reclassification to the Board in compliance with the County Budget Act (California Government Code, section 29000 et seq.) and MD 400, sections 412.1 and 413.1.

For the period of July 1, 2024, through June 30, 2025, GSD staff identified approximately \$4,844,605 in expenditures that meet the criteria for capitalization. These expenditures for GSD-Facility Services include Job Order Contracting renovation projects, American Rescue Plan Act - State and Local Fiscal Recovery Funds projects, and various building equipment.

With your Board's approval, the expenditures identified in Exhibit A will be reclassified to allow for appropriate capitalization and addition to the County's AMS.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A - Facility Services Org 8935 Capital Assets Eligible for Reclassification

CAO ANALYST:

Amy Ryals