



Board Agenda Item 43

DATE: October 21, 2025

TO: Board of Supervisors

SUBMITTED BY: Mike Kerr, Director of Information Technology/Chief Information Officer

SUBJECT: Reclassification of Expenses Determined to be Capital Assets

RECOMMENDED ACTION(S):

Approve reclassification of approximately \$121,554 in FY 2024-25 Information Technology Services Department Org 8905 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 Information Technology Services Department (ITSD) to properly account for capital expenditures incurred in FY 2024-25. The expenses are related to technology 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 also 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 \$121,554 in capital asset expenditures incurred in FY 2024-25 for ITSD Org 8905. Additionally, approval will allow ITSD 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 ITSD on a per-job basis as requested by user departments. These include projects and equipment that may or may not meet the criteria for capitalization. Annually, ITSD 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, ITSD staff identified approximately \$121,554 in expenditures related to technology equipment that meets the criteria for capitalization. With your Board's approval, the expenditures identified in Exhibit A will be reclassified to allow for appropriate capitalization and inventoried in the County's AMS.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A - ITSD Org 8905 Capital Assets Eligible for Reclassification

CAO ANALYST:

Amy Ryals