



Board Agenda Item 53

DATE: July 10, 2018

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 2017-18 expenses determined to be capital assets under County Management Directives.

Approval of the recommended action will allow the Internal Services Department Divisions, Information Technology Services Division (ITSD) Org 8905 and Facility Services Org 8935, to properly account for expenditures incurred in FY 2017-18 on renovation projects determined to be properly accounted for as capital assets per County Management Directives. The recommended action will also allow the resulting capital expenditures for ITSD, as listed in Exhibit A, and for Facility Services, as listed in Exhibit B, to be added to the County's Asset Management System. This item is countywide.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended action, the identified expenditures incurred in FY 2017-18 ITSD Org 8905, as listed in Exhibit A, and Facility Services Org 8935, as listed in Exhibit B, 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 2017-18 nor the current fiscal year. Approval of the recommended action would reclassify expenditures incurred in FY 2017-18 as capital expenditures, for ITSD Org 8905, as listed in Exhibit A, and Facility Services Org 8935, as listed in Exhibit B, 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 ITSD Org 8905, period of July 1, 2017 through June 30, 2018, staff has identified \$42,887 (as listed in Exhibit A) of expenditures on renovation projects that meet the criteria for capitalization.

For Facility Services Org 8935, period of July 1, 2017 through June 30, 2018, staff has identified \$294,412 (as listed in Exhibit B) of expenditures which include Job Order Contracting (JOC) renovation projects that meet the criteria for capitalization.

Expenditures incurred for ITSD and Facility Services for FY 2017-18 are on a per-job basis as requested by

County departments and include projects that may or may not meet the criteria for capitalization. ISD conducts a review of expenditures that meet the criteria for capitalization and submits a request for reclassification annually. 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:

ITSD Org 8905 - Exhibit A
Facility Services Org 8935 - Exhibit B

CAO ANALYST:

Juan Lopez