



# COUNTY OF HUMBOLDT

For the meeting of: 1/8/2019

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File #: 18-1671

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**To:** Board of Supervisors

**From:** Auditor/Controller

**Agenda Section:** Consent

**SUBJECT:**

Capital Asset Policy

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Approve adoption of the attached Capital Asset Policy; and
2. Authorize the use of the capitalization thresholds contained in the policy for recording and depreciating assets starting in fiscal year 2018-19.

**SOURCE OF FUNDING:**

General Fund

**DISCUSSION:**

The county has not previously adopted a capital asset policy. The annual audit and the recent Assessment of Management and Accounting Practices and Process report have included a recommendation that a capitalization policy be established. The county has a significant investment in capital assets, such as land, buildings, roads and equipment. Adopting a policy will help ensure that capital assets are acquired, safeguarded, controlled and accounted for in accordance with state and federal regulations, audit requirements and Generally Accepted Accounting Principles (GAAP).

The recommended policy was developed in collaboration and with feedback and communication from county departments.

The purpose of the proposed Capital Asset Policy is to provide a consistent method for accounting for capital assets and is intended to be in compliance with GAAP and Governmental Accounting Standards Board (GASB) Statement Numbers 34, 35 and 51.

**FINANCIAL IMPACT:**

There should be no financial impact associated with adopting the Capital Asset Policy. County staff are already accounting for capital assets and it is anticipated that no additional resources will be required to implement the policy. The proposed policy primarily provides a consistent method of maintaining records and accounting for assets.

The recommended actions support the Board of Supervisors' Strategic Framework by managing resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:

None.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to adopt the attached Capital Asset Policy. However, this alternative is not recommended because it would continue to leave departments with no policy for accounting for assets that ensures the County is in compliance with GAAP and GASB requirements.

ATTACHMENTS:

Capital Asset Policy

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A