



BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: November 18, 2014

ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:

Amendment to Board of Supervisors Policy D22.7, Capitalization Policy For Capital Assets

Background:

Pima County Board of Supervisors Policy Number D22.7 establishes the Pima County policy for capitalization of real property, infrastructure, equipment, works of art and historical treasures, intangible assets, donated assets and leased property. The purpose of the policy is to give direction to Finance and Risk Management staff to comply with the Government Accounting Standards Board (GASB) rules and with generally accepted accounting principles (GAAP). Periodically, the GASB rules and GAAP principles change, requiring amendments to the Board of Supervisors policy.

The proposed changes to the Capitalization Policy For Capital Assets would assign to the County Administrator the responsibility to issue administrative procedures to address the requirements of GASB and GAAP. This would enable Finance and Risk Management staff to respond to changes in GASB and GAAP interpretations for purposes of creating financial statements for Pima County and its departments.

CONTRACT NUMBER (If applicable):

STAFF RECOMMENDATION(S):

Staff recommends approval of the amendment to Board of Supervisors Policy D22.7 to direct the County Administrator to establish administrative procedures to comply with GASB and GAAP requirements for reporting capital assets.

CORPORATE HEADQUARTERS: _____

Handwritten signature: C. Puleo
Handwritten date: 11/6/14

CLERK OF BOARD USE ONLY: BOS MTG. _____

ITEM NO. _____

PIMA COUNTY COST: 0 and/or REVENUE TO PIMA COUNTY:\$ 0

FUNDING SOURCE(S): _____

(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

Advertised Public Hearing:

		YES	X	NO
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Board of Supervisors District:

1		2		3		4		5		All	X
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IMPACT:

IF APPROVED:

Changes to the reporting of capital assets in the County's financial statements will be addressed by the County Administrator through administrative procedures.

IF DENIED:

Finance and Risk Management will continue to come to the Board of Supervisors for changes in the County's capitalization policy to address changes in GASB rules and GAAP principles.

DEPARTMENT NAME: Finance & Risk Management Department

CONTACT PERSON: Tom Burke TELEPHONE NO.: 724-3030



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

Subject: Capitalization Policy for Capital Assets	Policy Number	Page
	D 22.7	1 of 2

Purpose:

To establish Pima County policy for capitalization of real property, infrastructure, equipment, works of art and historical treasures, intangible assets, donated assets and leased property.

Background:

Historically, Pima County has complied with the financial reporting requirements of the Government Accounting Standards Boards (GASB) AND FOLLOWED GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). PERIODICALLY, GASB ISSUES PRONOUNCEMENTS AFFECTING THE COUNTY'S REPORTING OF CAPITAL ASSETS, FROM REPORTING INFRASTRUCTURE AND OTHER ASSETS ON THE GOVERNMENT-WISE STATEMENTS TO THE REPORTING OF INTANGIBLE ASSETS. ~~County assets for the governmental funds were recorded in the General Fixed Asset Account Group (GFAAG) at historical cost and adjusted each year for new assets purchased and assets replaced due to obsolescence, damage, theft or loss. Only the proprietary funds recorded depreciation; governmental funds were not required to record depreciation or infrastructure assets in their financial statements.~~

~~The GASB issued Statement No. 34 to be effective July 1, 2001, which requires County infrastructure, works of art and historical treasures, intangible assets and depreciation to be recorded for all funds in the government-wide financial statements.~~

This policy addresses the new elements of financial reporting REQUIRED introduced by GASB Statement No. 34 and ensures that capital asset transactions are accounted for consistently and in accordance with GAAP ~~generally accepted accounting principles.~~

Policy:

It is the policy of the Pima County Board of Supervisors that:

A. Responsibility

1. The Finance AND RISK MANAGEMENT Department is responsible for the overall management and accuracy of the asset management system AND ACCURATE REPORTING OF CENTRAL ASSETS IN THE COUNTY'S FINANCIAL STATEMENTS.
2. Elected Officials and Department Directors are responsible for the safeguarding and accounting for property in accordance with County policy and County administrative procedures.

B. Assets

1. Capital asset transactions addressed in this policy include all equipment, land, buildings, infrastructure, works of art and historical treasures, intangible assets and leasing transactions of the County's government-wide activities and proprietary funds.
2. THE COUNTY ADMINISTRATOR SHALL ESTABLISH ADMINISTRATIVE PROCEDURES ESTABLISHING THE CAPITALIZATION THRESHOLDS FOR THE VARIOUS ASSET CLASSIFICATIONS.
 2. ~~The capitalization thresholds for the various assets classification are as follows:~~
 - a. ~~Land, Land Improvement and Right of Ways (easements)~~

~~Capitalize regardless of cost~~
 - b. ~~Buildings~~

~~Capitalize if valued at \$100,000 and above~~
 - c. ~~Infrastructure~~

~~Capitalize if valued at \$100,000 and above~~
 - d. ~~Equipment~~

~~Capitalize if valued at \$5,000 and above with useful life greater than one year.~~
3. ~~Department will maintain inventories of equipment costing \$1,000 to \$4,999~~

Revised: NOVEMBER 18, 2014 ~~July 12, 2014~~
Effective: July 3, 2001



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

Subject: Capitalization Policy for Capital Assets	Policy Number	Page
	D 22.7	1 of 1

Purpose:

To establish Pima County policy for capitalization of real property, infrastructure, equipment, works of art and historical treasures, intangible assets, donated assets and leased property.

Background:

Historically, Pima County has complied with the financial reporting requirements of the Government Accounting Standards Boards (GASB) and followed generally accepted accounting principles (GAAP). Periodically, GASB issues pronouncements affecting the county's reporting of capital assets, from reporting infrastructure and other assets on the government-wide statements to the reporting of intangible assets.

This policy addresses the elements of financial reporting required by GASB and ensures that capital asset transactions are accounted for consistently and in accordance with GAAP.

Policy:

It is the policy of the Pima County Board of Supervisors that:

A. Responsibility

1. The Finance and Risk Management Department is responsible for the overall management and accuracy of the asset management system, and assets in the county's financial statements.
2. Elected Officials and Department Directors are responsible for the safeguarding and accounting for property in accordance with County policy and County administrative procedures.

B. Assets

1. Capital asset transactions addressed in this policy include all equipment, land, buildings, infrastructure, works of art and historical treasures, intangible assets and leasing transactions of the County's government-wide activities and proprietary funds.
2. The county administrator shall establish administrative procedures establishing the capitalization thresholds for the various asset classifications.

Revised: November 18, 2014
Effective: July 3, 2001