

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

*Laura Wray*  
DEPT: Auditor-Controller

BOARD AGENDA # \*B-1

Urgent

Routine

AGENDA DATE July 13, 2010

CEO Concurs with Recommendation YES  NO

4/5 Vote Required YES  NO

(Information Attached)

SUBJECT:

Approval of \$50,000 Capitalization Threshold for Intangible Assets

STAFF RECOMMENDATIONS:

Approve a \$50,000 capitalization threshold for intangible assets.

FISCAL IMPACT:

In June 2007, the Government Accounting Standards Board (GASB) issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets. Intangible Assets are defined as lacking physical substance, nonfinancial in nature and have a useful life extending beyond a single reporting period. Examples of intangible assets include the following: patents, copyrights, trademarks, easements, land use rights, licenses, permits and computer software, specifically internally generated computer software. GASB Statement No. 51 must be implemented for fiscal year ending June 30, 2010.

BOARD ACTION AS FOLLOWS:

No. 2010-450

On motion of Supervisor Monteith, Seconded by Supervisor O'Brien  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

4) \_\_\_\_\_ Other:

MOTION:

*Christine Ferraro*

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

**DISCUSSION:**

GASB Statement No. 51 was issued in June of 2007. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting among state and local governments. County financial statements must comply with all statements issued by the Government Accounting Standards Board.

This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. As such, existing accounting and financial reporting requirements are to be applied to intangible assets. Capital assets are expensed over their useful life rather than being charged in the specific financial period in which they are purchased.

The existing fixed asset policy for Stanislaus County needs to be updated to include intangible assets. Currently, the capitalization threshold for other fixed assets is \$5,000 or greater. The threshold amount represents the minimum amount at which an asset should be capitalized.

With the Board's approval of this matter, the Auditor Controller's Office recommends a \$50,000 capitalization threshold to capture the significant intangible assets. GASB Statement No. 51 does not specifically identify a methodology for establishing a threshold amount. A survey of other California counties was performed which indicated a wide variation, depending on the size of the County, in the threshold amounts being implemented. Given our relative size and exposure, we believe that a \$50,000 threshold is a reasonable amount.

**POLICY ISSUE:**

The Board's approval of this action to update the fixed asset policy to include the \$50,000 capitalization threshold for intangible assets supports the Board priority of promoting the Efficient delivery of public services.

**STAFFING ISSUE:**

Existing Auditor-Controller staff will assist with the implementation of the new GASB standards, and there is no staffing impact associated with this request.

**CONTACT PERSON:**

Kashmir Gill, Manager IV

Telephone: (209) 525-6579