



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

<u>Subject:</u> 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.) 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, historical treasures, intangible assets and depreciation to be recorded for all finds in the government-wide financial statements.

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

Policy:

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

A. Responsibility

1. The Finance Department is responsible for the overall management and accuracy of the asset management system.
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.

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

2. The capitalization thresholds for the various assets classifications 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, Works of Art and Historical Treasures and Intangible Assets:

Capitalize if valued at \$100,000 and above

d. Equipment:

Capitalize if valued at \$5,000 and above with useful life of greater than one year.

3. Departments will maintain inventories of equipment costing \$1,000 to \$4,999.

Revised: July 12, 2011