



## COUNTY OF PLACER

## OFFICE OF AUDITOR-CONTROLLER

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To: Board of Supervisors

From: Katherine Martinis, Auditor-Controller 

Date: March 16, 2010

Subject: Capitalization Threshold for Intangible Assets

### ACTION REQUESTED

It is requested that your Board approve a \$100,000 capitalization threshold for intangible assets effective July 1, 2009.

### BACKGROUND

In June 2007, the Governmental 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 an initial useful life extending beyond one year." Examples of intangible assets include the following: patents, copyrights, water rights, trademarks, and computer software, with special emphasis on software that is internally generated by a government. GASB Statement No. 51 must be implemented for the fiscal year ending June 30, 2010.

Prior to full implementation, the County's capitalization threshold policy needs to be updated to include intangible assets. We currently have the following capitalization thresholds in place:

- Equipment - \$5,000
- Buildings and Improvements - \$50,000
- Infrastructure - \$50,000

Based upon research conducted with other Counties and our discussion with the Department of Administrative Services, we believe a \$100,000 capitalization threshold is appropriate to capture the significant software purchased and internally generated by Placer County. Upon approval, the Auditor-Controller will update the County's *Capital Assets Accounting Manual* to include all appropriate references related to GASB Statement No. 51.

### FISCAL IMPACT

There is no cost associated with this policy change.

**BEFORE THE BOARD OF SUPERVISORS  
COUNTY OF PLACER, STATE OF CALIFORNIA**

**In the matter of: A Resolution to establish a \$100,000 capitalization threshold for intangible assets effective July 1, 2009. Resol. No. \_\_\_\_\_**

**The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held March 16, 2010 by the following vote on roll call:**

**Ayes:**

**Noes:**

**Absent:**

**Signed and approved by me after its passage.**

\_\_\_\_\_  
**Chairperson, Board of Supervisors**

**Attest:  
Clerk of said Board**

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**WHEREAS**, in June 2007, the Governmental Accounting Standards Board (GASB) issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets, to be implemented for fiscal year ending June 30, 2010; and

**WHEREAS**, in an effort to prepare for the implementation of Statement 51, the Auditor Controller is recommending that the County's capitalization threshold for intangible assets be established at \$100,000 effective July 1, 2009; and

**WHEREAS**, upon approval, the Auditor Controller will update the County's Capital Assets Accounting Manual to include all appropriate references related to GASB Statement No. 51; and

**NOW THEREFORE, BE IT HEREBY RESOLVED** by the Board of Supervisors of the County of Placer, State of California, that the capitalization threshold for intangible assets is established at \$100,000 and that the County Capital Assets Accounting Manual be updated to reflect said change.