
NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

DATE OF MEETING: January 14, 2025

TO: Board of Supervisors

FROM: Gina Will, Auditor-Controller

SUBJECT: Resolution to Update County Capitalization Thresholds and Useful Lives by Asset Class Effective July 1, 2025

RECOMMENDATION: It is recommended that the Board of Supervisors approve the resolution to update the capitalization thresholds and useful lives by Asset Class as presented.

FUNDING: Not applicable.

BACKGROUND: The County's existing capitalization thresholds have evolved over time, starting from Resolution 98-482, which set the threshold for personal property at \$2,500. Subsequent resolutions have incrementally adjusted these thresholds to reflect changing economic conditions and accounting standards. The last significant adjustment occurred in 2010 with Resolution 10-020, which set the thresholds for various asset classes to values that are now being reassessed.

PROPOSED CHANGES: The Auditor-Controller recommends the following updates, effective July 1, 2025:

- ***Personal Property Capital Assets:*** Increase the capitalization threshold from \$5,000 to \$10,000.
- ***Real Property, Improvements, and Infrastructure:*** Increase the capitalization threshold from \$50,000 to \$100,000.
- ***Intangible Assets:*** Increase the capitalization threshold from \$25,000 to \$100,000.
- ***Useful Lives by Asset Type:*** Establish useful lives as follows:
 - Equipment: 2 to 25 Years
 - Structures and Improvements: 5 to 50 Years
 - Infrastructure (Except for the Maintained Road System): 20 to 75 Years
 - Intangibles (Except for Right-to-Use Assets): 3 to 10 Years
 - Intangible Right-to-Use Assets: Shorter of Agreement Term or Useful Life of Underlying Asset

These classifications will ensure the County's financial statements accurately reflect the current value and lifespan of its assets. Further, these proposed adjustments are expected to result in increased efficiency in accounting processes. By raising the thresholds, the County can reduce administrative burdens associated with tracking lower-value assets while still safeguarding the integrity of its financial reporting.

Item Initiated and approved by: Gina Will, Auditor-Controller