



Legislation Text

File #: 991170, **Version:** 0

Capital Expenditure Threshold (B)

Currently, the capital expenditure threshold is set at \$500. Last year, the Government Finance Officers Association's (GFOA) Executive Board approved new practices concerning accounting, auditing and financial reporting. The first of those recommended practices offered practical advice on establishing capitalization thresholds. The GFOA recommends that governments capitalize assets with a useful life of at least two years and a threshold of \$2,000. The increase to the \$2,000 threshold would represent only 3.7% of the current total fixed asset value. This recommendation has been discussed with the City Auditor and external auditor who from a control standpoint have no material concerns about the proposal.

This action should reduce the cost of accounting for the City's Fixed Assets without any material loss of control.

City Commission authorize the City Manager and the General Manager for Utilities to approve a change to the capital expenditure threshold from \$500 to \$2000 or the currently promulgated Government Finance Officers Association's (GFOA) capital threshold.