

**TO:** GCSB Board of Directors

**FROM:** Peter Kampa, General Manager

**DATE:** June 14, 2022

**SUBJECT:** Agenda Item 7B. Adoption of a Resolution Amending the System of Accounting Policies to Increase the Limit of Accounting for Fixed Assets from \$2,500 to \$5,000

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**RECOMMENDED ACTION:**

*I move to approve resolution 25-2022 amending the System of Accounting Policies to increase the limit of accounting for fixed assets from \$2,500 to \$5,000.*

**BACKGROUND:**

It is currently the District's policy that items with a \$2,500 value be accounted for as a fixed asset. During the development of the 2022-23 fiscal year budget, staff noticed that the Capital Outlay was becoming very long as a result of this policy, and that there were many items that really shouldn't be listed as a capital item and were more appropriate to be budgeted for under general operating expense/equipment. The last time this policy was adopted was 2010, and the cost of many of the items that would now be required to be accounted for as a fixed asset, would not have been back then.

Staff reached out to its CPA consultants about this issue for guidance and a recommendation. It was the recommendation of our CPA to adjust the accounting of fixed assets figure from \$2,500 to \$5,000 which is a standard capitalization threshold for a District of our size.

**ATTACHMENTS**

- Draft Fixed Assets Policy
- Resolution 25-2022

**FINANCIAL IMPACT:**

None

402.3 F.

#### Accounting of Fixed Assets

The Admin/Finance Manager shall conduct an accounting or inventory of all fixed assets on an annual basis. At the conclusion of such inventory the Finance Manager shall report the results thereof to the Board of Directors and certify the completeness of the inventory. Such inventory of fixed assets shall include the following: (a) all equipment, tools, supplies and vehicles that individually have an original total cost of more than ~~\$2,500~~ \$5,000; (b) all land and buildings regardless of value; (c) the value of any additions or major improvements or renovations to the District's water, wastewater, fire protection and/or park and recreation service infrastructure.

**RESOLUTION 25-2022**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT AMENDING THE SYSTEM OF ACCOUNTING POLICIES TO INCREASE THE LIMIT OF ACCOUNTING FOR FIXED ASSETS FROM \$2,500 TO \$5,000**

**WHEREAS**, the Board of Directors (Board) of the Groveland Community Services District (District) is authorized and required to adopt and amend policies related to the services it provides and typically does so by Resolution of the Board; and

**WHEREAS**, the Board desires to amend and update the above policy to meet the current needs of the District.

**NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES** hereby adopt Resolution 25-2022 amending the System of Accounting Policies to increase the limit of accounting for fixed assets from \$2,500 to \$5,000.

**WHEREFORE**, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on June 14, 2022 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

APPROVE:

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Spencer Edwards, President - Board of Directors

ATTEST:

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Rachel Pearlman, Board Secretary

**CERTIFICATE OF SECRETARY**

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on June 14, 2022.

DATED: \_\_\_\_\_