

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

Resolution No. 26-13

RESOLUTION APPROVING AND ADOPTING THE CAPITAL ASSETS POLICY AND
ESTABLISHING CAPITAL ASSET CAPITALIZATION THRESHOLDS

WHEREAS, the California Mental Health Services Authority (“CalMHSA”) is a Joint Powers Authority established under California Government Code section 6500 et seq., and is subject to the accountability and annual audit requirements of Government Code section 6505; and

WHEREAS, CalMHSA acquires and holds capital assets using member county funds, program funding, federal and state grants and contracts, and other public resources, and is responsible for safeguarding those assets and reporting them accurately in its financial statements; and

WHEREAS, CalMHSA reports capital assets in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as established by the Governmental Accounting Standards Board (“GASB”), including GASB Statement Nos. 34, 42, 51, 62, 72, 87, 89, 96, and 104 and GASB Implementation Guide No. 2021-1; and

WHEREAS, the Government Finance Officers Association (“GFOA”) recommends that governments establish capitalization thresholds and minimum useful lives for capital assets, maintain control over items that are not capitalized, plan and budget for the maintenance, renewal, and replacement of capital assets, report periodically to the governing body on capital assets, and periodically review their capitalization thresholds; and

WHEREAS, capital assets acquired in whole or in part with federal funds are subject to the property management requirements of Title 2 of the Code of Federal Regulations, Part 200 (“Uniform Guidance”), which, for federal awards issued on or after October 1, 2024, defines equipment as tangible personal property with a per-unit acquisition cost equal to or exceeding the lesser of the entity’s capitalization level or \$10,000, and requires a physical inventory of federally funded equipment at least once every two years; and

WHEREAS, although CalMHSA is not a state agency subject to the State Administrative Manual (“SAM”), CalMHSA considers the property accounting provisions of SAM Chapter 8600 as benchmarks for California public entities; and

WHEREAS, CalMHSA staff have prepared a Capital Assets Policy that establishes CalMHSA’s requirements for the recognition, measurement, depreciation and amortization, safeguarding, tracking, physical inventory, planning, and disposal of capital assets, including right-to-use lease assets, subscription-based information technology arrangements, intangible assets, and controlled (sensitive) assets that fall below the capitalization thresholds; and

WHEREAS, the Capital Assets Policy establishes capitalization thresholds by asset class,

under which land and permanent easements are capitalized regardless of cost; furniture, fixtures, equipment, and computer hardware are capitalized at \$10,000 or more per unit; land improvements, buildings and building improvements, and leasehold improvements are capitalized at \$50,000 or more; and purchased and internally generated software, other intangible assets, right-to-use lease assets, and subscription assets are capitalized at \$100,000 or more; and

WHEREAS, the Capital Assets Policy requires the approval of the Approving Body, defined in the policy as the Board of Directors, the Finance Committee, or the Executive Committee, consistent with the authority delegated by the Board of Directors, for the policy and its capitalization thresholds, acquisitions of real property, major capital projects with an estimated total cost of \$250,000 or more, the target level and any unbudgeted use of a capital asset renewal and replacement reserve, and disposals of assets with a current carrying value or estimated fair value of \$50,000 or more; and

WHEREAS, adoption of the Capital Assets Policy will strengthen CalMHSA's internal controls over its capital assets, support accurate and transparent financial reporting, and promote compliance with applicable federal and state requirements.

NOW, THEREFORE, BE IT RESOLVED that the Recitals set forth above are true and correct and are incorporated into this Resolution by reference; and

BE IT FURTHER RESOLVED that the Board of Directors of CalMHSA hereby approves and adopts the Capital Assets Policy in the form presented to the Board of Directors at this meeting; and

BE IT FURTHER RESOLVED that the Board of Directors hereby approves the capitalization thresholds for each class of capital assets as set forth in Section 6 of the Capital Assets Policy; and

BE IT FURTHER RESOLVED that the Board of Directors hereby authorizes the Executive Director, in consultation with the Chief Financial Officer, to determine whether the Board of Directors, the Finance Committee, or the Executive Committee shall serve as the Approving Body for each matter requiring approval under the Capital Assets Policy, consistent with the authority delegated by the Board of Directors; and

BE IT FURTHER RESOLVED that the Chief Financial Officer is hereby directed to review the Capital Assets Policy and its capitalization thresholds annually and to recommend any changes to the Approving Body, and that any change to the capitalization thresholds shall require the approval of the Approving Body; and

BE IT FURTHER RESOLVED that the CalMHSA Executive Director is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution and to implement the Capital Assets Policy; and

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately upon its adoption; and

BE IT FURTHER RESOLVED that the Board of Directors of CalMHSA hereby ratifies and

approves any and all actions taken by the Executive Director, or her designee, prior to the adoption of this Resolution, to effectuate the purposes of this Resolution.

PASSED AND ADOPTED by the Board of Directors of the California Mental Health Services Authority on October 21, 2026.

Signed by:

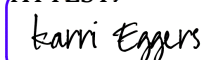


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Susan Holt

President

ATTEST:



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Karri Eggers, CalMHSA, Chief Operations Officer