



Awards for Excellence

IN GOVERNMENT FINANCE

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Government Finance Officers Association's (GFOA) Awards for Excellence in Government Finance recognize innovative programs and contributions to the practice of government finance that exemplify outstanding financial management. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance.

2019 Winner for Exceptionally Well Implemented GFOA Best Practice:



EAST BAY MUNICIPAL UTILITY DISTRICT, OAKLAND, CA CAPITAL VERSUS OPERATING: DECISIONS FOR THE NON-ACCOUNTANT

The East Bay Municipal Utility District's capital improvement program revised its procedure for capitalization of assets, both tangible and intangible, creating an educational tool for engineering and project management staff who do not have a financial background. The program's purpose is to help the engineering staff focus on compliance, capitalization, and requiring the pre-definition of future assets to be created from many projects. This process can be quite complicated, but the new program has increased efficiency, reduced human error, promoted teamwork, and greatly improved inter-departmental relations.

The program includes a decision tree that provides a clear protocol for engineers to use in determining if construction costs are eligible for capitalization. A methodology was also established for incorporating costs from multiple capital projects into one source for redistribution into multiple assets. Each of these capital projects results in several capital assets, and the district needed a well-defined process for grouping the costs to create several assets – a many-to-many relationship.

The new approach promotes teamwork and communication, improves reporting and internal control, and assures efficient communication between upper management and staff for capitalizing assets accurately and in a timely fashion. Intensive processes with manual labor have been eliminated, and projects are organized to create assets in compliance with GASB Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments, and GASB Statement No. 51, Accounting and Reporting for Intangible Assets.



GFOA recommends that local, state, and provincial governments establish a system for assessing their capital assets and then appropriately planning and budgeting for any capital maintenance and replacement needs.

