



# County of Monterey

**Item No.**

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

**Legistar File Number: 25-400**

**June 10, 2025**

**Introduced:** 5/29/2025

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

Approve the updated Policy for Accounting for Capital Assets, effective July 1, 2025, which supersedes the existing Capital Asset Policy.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve the updated Policy for Accounting for Capital Assets, effective July 1, 2025, which supersedes the existing Capital Asset Policy.

### SUMMARY/DISCUSSION:

The proposed update to the Capital Asset Policy incorporates recent changes in accounting standards and increases capitalization threshold for certain asset classifications.

The Governmental Accounting Standards Board (GASB) issued two pronouncements, GASB 87 Right-to-Use Lease and GASB 96 Right-to-Use Subscription-Based Information Technology Arrangements (SBITAs). New classes of assets based on both these new pronouncements are included in the updated Capital Asset Policy.

The Office of Management and Budget (OMB) published revised guidance contained in Title 2 of the Code of Federal Regulations (CFR). 2 CFR § 200.313 increased the equipment acquisition threshold amount from \$5,000 to \$10,000.

Each capitalization threshold increases in the Policy as outlined below, while aligning with recent changes in standards, guidance, and benchmarks, will also eliminate the need to track lower value capital assets on the County's financial statements, thereby producing savings in time and effort at departmental and the Auditor-Controller's Office level.

- Equipment, Furniture, and Vehicle capitalization thresholds increase from \$5,000 to \$10,000.
- Intangible Assets capitalization threshold increase from \$5,000 to \$100,000.
- Works of Art or Historical Treasures capitalization threshold increased from \$0 to \$5,000.

Making this updated policy effective at the beginning of fiscal year (July 1, 2025) will ensure a smooth transition.

### OTHER AGENCY INVOLVEMENT:

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There is no other agency involvement associated with adopting the updated Capital Asset Policy.

FINANCING:

There are no financial implications associated with adopting the updated policy.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Updates to the Policy for Accounting for Capital Assets reflects the County's commitment to align with the Board of Supervisors strategic initiative of efficient and effective government operations.

Mark a check to the related Board of Supervisors Strategic Initiatives

- ☐ Economic Development
- ☒ Administration
- ☐ Health & Human Services
- ☐ Infrastructure
- ☐ Public Safety

Prepared by: Siomara, Barajas, CPA, Chief Deputy Auditor-Controller, 755-5303

Approved by: Rupa Shah, CPA, Auditor-Controller, 755-5084

DocuSigned by:  
*Siomara Barajas, CPA*  
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DocuSigned by:  
*Rupa Shah*  
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