



# COUNTY OF HUMBOLDT

For the meeting of: 8/26/2025

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File #: 25-1008

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**To:** Board of Supervisors

**From:** Auditor-Controller

**Agenda Section:** Consent

**Vote Requirement:** Majority

**SUBJECT:**

Revisions to the Humboldt County Capital Asset Policy

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Adopt the attached Revised Capital Asset Policy; and
2. Authorize the Auditor-Controller to expense any remaining book value and remove from fixed asset reporting any equipment placed into service on or before Dec. 19, 2018 with a historical cost less than Five Thousand Dollars (\$5,000.00) that is not otherwise capitalizable; and
3. Direct the Clerk of the Board to provide the Auditor-Controller's Office with one (1) fully executed certified copy of the Board order related to this item.

**STRATEGIC PLAN:**

The recommended actions support the following areas of the Board of Supervisors' Strategic Plan:

Area of Focus: Core Services/Other

Strategic Plan Category: 9999 - Core Services/Other

**DISCUSSION:**

On Dec. 19, 2018, the Humboldt County Board of Supervisors ("Board") adopted the Humboldt County Capital Asset Policy. Since that time, there have been significant changes in accounting requirements from both the Government Accounting Standards Board ("GASB") and the Federal Government's Code of Federal Regulations ("CFR") that impact the policy.

GASB Statement 87 (leases) became effective in fiscal year 2020-21. Upon implementation, it was discovered that the Capital Asset Policy's definition of a lease was no longer accurate according to current financial reporting rules, and the thresholds were not appropriate for effective financial reporting. The attached policy revision corrects these issues to be compliant with GASB Statement 87 and sets appropriate thresholds for leases.

GASB Statement 96 became effective in fiscal year 2022-23. Upon implementation, it was discovered that the Capital Asset Policy lacked a definition for Subscription-Based Information Technology Agreements ("SBITAs"). The attached policy revision corrects this issue to be compliant with GASB Statement 96 and sets an appropriate threshold for SBITAs.

GASB Statement 98 became effective in fiscal year 2021-22. It updated the title of the County of Humboldt's annual financial reports. The attached policy revision updates the references to the County of Humboldt's financial reports to reflect the current title.

The Capital Asset Policy used the Five Thousand Dollar (\$5,000.00) equipment capitalization thresholds established in 2 CFR Section 200.313(e)(1) in 2018. In April 2024, the equipment capitalization threshold was increased to Ten Thousand Dollars (\$10,000.00). Assets acquired under the previous version of 2 CFR Part 200 must continue to follow the requirements from the time of acquisition.

Prior to 2018, equipment assets were determined to be capitalizable on a case-by-case basis without a policy to determine requirement. As a result, the county has 8,048 active equipment assets in its database. Of these 8,048 assets, 403 have no listed historical cost, and an additional 6,937 fall below the inventory and depreciation thresholds. The result is a database where 91% of the information is not useful for effective decision-making and future planning. Examples from the list of assets targeted to be inactivated, include, without limitation: a pharmacy scale purchased in 1962; two (2) five and one-half (5.5) pound compaction hammers purchased in 1968; a grease gun for an air compressor purchased in 1994; and computers from 2006 listing Windows XP as the operating system. Inactivating these assets will enhance accountability and accuracy in the county's information systems.

**SOURCE OF FUNDING:**

None

**FINANCIAL IMPACT:**

There are no direct costs associated with adoption of the attached Revised Capital Asset Policy.

**STAFFING IMPACT:**

Adoption of the attached Revised Capital Asset Policy will not impact current staffing levels.

**OTHER AGENCY INVOLVEMENT:**

None

**ALTERNATIVES TO STAFF RECOMMENDATIONS:**

The Board may choose not to adopt the attached Revised Capital Asset Policy. However, this alternative is not recommended because it would leave the County of Humboldt without a policy for accounting for assets that ensures compliance with applicable local, state and federal requirements.

**ATTACHMENTS:**

1. Revised Capital Asset Policy
2. Redline Capital Asset Policy

**PREVIOUS ACTION/REFERRAL:**

Meeting of: 12/19/2018

File No.: 18-1671