



Capital Assets Policy Update

Finance Department
City Council Meeting | September 22, 2025

Why the City Needs a Capital Assets Policy

- Compliance & Accountability
- Consistency & Clarity
- Financial Sustainability
- Safeguarding Public Resources
- Transparency & Public Trust
- Audit Efficiency



What's in the Policy?

- Asset Classes
- Capitalization Thresholds
- Capitalization Rules
- Reporting & Accountability



Asset Classes and Thresholds

Asset Class	Capitalization Threshold
Land and Land Improvements	\$100,000
Buildings and Building Improvements	\$100,000
Water and Wastewater Plants	\$100,000
Improvements Other than Building	\$100,000
Water and Wastewater Distribution Systems	\$100,000
Machinery and Equipment	\$10,000
Infrastructure and Infrastructure Improvements	\$100,000
Traffic Signals Infrastructure	\$100,000
Construction Work in Progress	\$100,000
Intangible Assets	\$100,000
Leases	\$100,000
Subscription-Based Information Technology Arrangements	\$100,000

What's Changing?

Machinery & Equipment Threshold Change

- Previous Threshold - \$5,000
- New Threshold - \$10,000

Why the Change?

- Aligns with Federal & State guidelines (2 CFR 200.1)
- Reduces administrative burden by focusing on higher-value assets

What's Changing?

Clarifying Language

- No major structural changes
- Enhanced clarity in definitions and processes

Why the Change?

- Reduces confusion for departments
- Makes it easier for Finance to implement and enforce
- Supports consistent interpretation across the organization

Questions



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