City Council Agenda
September 17, 2026

Resolution **Action Item**

Agenda Description:

Discuss, consider, and possible action on a resolution amending the Capitalization Policy. (Staff Resource: M. Freelen)

Background Information:

This update to the Capitalization Policy raises the dollar thresholds of inclusion from $5,000 to $10,000. This is a change in how we record certain purchases — not a change in what we spend or what we report to the public. All City of Joshua spending remains fully visible in our financial statements.

When the City of Joshua purchases an asset — a vehicle, a piece of equipment, office furniture — we decide whether to record it as a long-term capital asset or as an operating expense. The capitalization threshold is the dollar amount that determines which treatment applies. Assets above the threshold are tracked individually as capital assets over their useful lives. Assets below the threshold are recorded as expenses in the year of purchase.

Under the proposed policy, assets costing under $10,000 would be recorded as expenses rather than tracked as individual capital assets. This affects how we record these purchases internally — it does not affect how much we spend, and it does not make these purchases invisible. They continue to appear in the City of Joshua's financial statements as expenditures.

Tracking every asset individually requires significant staff time — creating records, updating values, and reconciling accounts. Under the proposed policy, there would be less assets that require this level of individual attention, freeing significant staff time for higher-value financial management work.

This type of threshold adjustment is consistent with guidance from the Government Finance Officers Association (GFOA), which has found that many governments maintain thresholds that create administrative burden without meaningfully improving financial reporting. The $10,000 threshold also aligns with the Office of Management and Budget Uniform Guidance.

Financial Information:

N/A

City Contact and Recommendations:

Marcie Freelen, Finance Director

Staff recommends approval of amended Capitalization Policy. The proposed change is modest, well-supported, and operationally beneficial. It does not reduce financial transparency — it refocuses staff effort on the assets that matter most to the City of Joshua's financial position. The Finance Department is confident this policy meets the standards our auditors, bondholders, and community members expect.

Attachments:

1. Resolution
2. Capitalization Policy