



AGENDA ITEM SUMMARY FORM

MEETING DATE: 6/22/26

PREPARED BY: Linda Kunath, Finance Director/Treasurer

AGENDA ITEM CONTENT: Amendment to the Capital Asset Management Policy

AGENDA ITEM SECTION: Reports

BUDGETED AMOUNT:

FUNDS REQUESTED:

FUND:

EXECUTIVE SUMMARY:

The City's auditors from Rehmann Robson LLC, have recommended that the City of Madison consider increasing the capitalization threshold of assets to a higher level than \$5,000.00. Auditors said an increase will better align with current government finance practices and inflationary changes over time. Many municipalities have reviewed and adjusted their thresholds in recent years to reduce administrative burden and focus capital asset reporting on items that are more material to the City's financial statements. This change would streamline accounting processes, reduce the number of individually tracked assets, and more accurately reflect the City's overall capital investment activity.

A \$15,000.00 capitalization threshold will match the City's purchasing formal bid requirements listed in the Code of Ordinances, Article XI - Purchasing, which was amended by City Council on January 21, 2021. A capitalization threshold increase to the Capital Asset Management Policy that is effective July 1, 2025, will permit the City to implement for fiscal year 2025-26. The following Capital Asset Management Policy document tracks changes to increase the capitalization threshold to \$15,000.00.

RECOMMENDATION:

If City Council concurs with the recommended amendments to the Capital Asset Management Policy, the City Council should approve the implementation of these amendments effective July 1, 2025.