

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON, WISCONSIN

Resolution No. 4692

Approval of CDA Financial Policy Revisions
to Capitalization Policy 540.10 effective for
year ending December 31, 2025

Presented November 6, 2025
Referred _____
Reported Back _____
Adopted _____
Placed on File _____
Moved By _____
Seconded By _____
Yeas _____ Nays _____ Absent _____
Rules Suspended _____
Legistar File Number _____

RESOLUTION

WHEREAS, the Community Development Authority (CDA) is authorized by Madison General Ordinance 3.17(7) to adopt, amend, and repeal rules and regulations as it deems necessary in the performance of its functions; and

WHEREAS, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, or Uniform Guidance (2 CFR 200) defines capital assets as tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP; and

WHEREAS, revisions made in April 2024 by the Office of Management and Budget (OMB) to the federal Uniform Guidance (2 CFR 200) include changes to organizations that receive federal financial assistance and raise the capitalization threshold from \$5,000 to \$10,000; and

WHEREAS, the US Department of Housing and Urban Development (HUD) does not specify a single capitalization threshold but is generally informed by GAAP and Uniform Guidance to determine whether an expense should be capitalized or recognized as an expense; and

WHEREAS, CDA accounting functions are provided by the City of Madison Finance Department, and the City of Madison has a capitalization threshold of \$10,000; and

WHEREAS, for consistency with City of Madison policy and practices, and as informed by GAAP and Uniform Guidance (2 CFR 200), the CDA's Accountant and staff recommend the following amendment to *CDA Financial Policy 540.10 - Capitalization Policy* effective for year ending December 31, 2025:

IV. Policy

A. Capitalization Threshold and Procedure

The CDA establishes ~~\$5,000~~ \$10,000 per unit as the threshold amount for minimum capitalization. All capital assets costing less than ~~\$5,000~~ \$10,000 per unit should be expensed in CDA financial statements. Capital assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or productions cost.

All capital assets are recorded at historical cost as of the date acquired.

NOW, THEREFORE BE IT RESOLVED, that the CDA Board approves the recommended changes to the *CDA Financial Policy 540.10- Capitalization Policy* effective for year ending December 31, 2025.