

# CAPITALIZATION AND DEPRECIATION

## Policy 681.1

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This capitalization and depreciation policy is established to safeguard assets, enhance accountability and provide for more accurate and uniform financial reporting in compliance with accounting principles generally accepted in the United States of America (GAAP) and GASB34.

1. All fixed asset purchases in excess of \$10K for items that have a useful life of more than one year shall be capitalized.
2. Certain categories of assets costing less than \$10K but greater than \$1,000 shall be inventoried and tracked, although not in the general ledger. These items will not be depreciated.
3. In accordance with GAAP, assets must be depreciated over their estimated useful lives.

a. Computer Equipment	3 Years
b. Vehicles	5 Years
c. Other Equipment	5-10 Years
d. Site Improvements	20 Years
e. Buildings	50 Years
f. Subsequent Modernization to Buildings	50 Years
4. For depreciation purposes, only the salvage value of assets is estimated to be immaterial. Therefore, assets will be depreciated at 100% of cost.
5. The "half-year" convention will be utilized whereby one-half of depreciation is recorded in the fiscal year of acquisition and the fiscal year of disposition.
6. Straight-line depreciation will be calculated for all depreciable property.
7. The capitalization threshold for these items is \$10K or more for an individual item or \$10K for grouped items (all like items valued at less than \$10K and purchased in a year).

### Legal References:

#### Wisconsin Statutes

[Section 120.14](#)

[annual school district audit required]

#### State Guidance

[Department of Public Instruction School District Audit Manual Index](#)

[Wisconsin Uniform Financial Accounting Requirements](#) (WUFAR)

#### Accounting Standards

[Governmental Accounting Standards Board – GASB Statement No. 34](#)

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