

683 Asset*{This sample policy is intended to provide guidance related to requirements for reporting the value of certain assets in financial statements as required by Governmental Accounting Standards Board Statement 34 (GASB 34). While establishing some minimum parameters that must be met, this sample delegates the task of establishing a comprehensive schedule of capitalization thresholds to the administration. Under this sample, the administration has substantial flexibility to create and adopt the final schedule. School districts should consult with their auditor when considering this policy, determining local asset capitalization thresholds, and establishing systems, procedures, and additional internal controls related to capital asset management and inventory control.}*

The District's capital assets include, but are not necessarily limited to, land, land improvements, buildings, building improvements, and infrastructure, as well as vehicles and certain machinery, equipment, software, works of art, and other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond one fiscal year. Capital assets also include certain improvements, modifications, replacements, or renovations to capital assets that materially increase their value or useful life. The School Board's expectation for the District's capital asset management and accounting process is to ensure that the District's procedures are sufficiently formalized and implemented to allow for adequate financial reporting, as assessed by the District's auditors.

The **Director of Business Services**, in consultation with the District's financial auditors, shall be responsible for establishing a written schedule of capitalization thresholds applicable to particular capital asset classes. Subject to the expectation that the schedule shall be structured to capture at least 80% of the value of the District's total assets, the threshold established for single items within any of the asset classes need not be less than **\$5,000**. *{Editor's Note: The dollar amounts inserted in this paragraph, as well as the thresholds for specific asset classes that are identified in the local schedule referenced in this policy, should be established with input from the district's auditor. There are practical reasons to consider the interplay between local asset capitalization thresholds and the definitions that distinguish between "equipment" and "supplies" under the federal regulations (2 C.F.R. Part 200) that govern the procurement, management, and disposition of property paid for in whole or in part with federal funds. Although the federal funds regulations permit a local capitalization threshold as high as \$10,000 before a purchased item must be considered "equipment," the district's auditor may identify and recommend capitalization thresholds that are less \$10,000 based on current practices, the size of the annual operating budget, or other district-specific considerations.}*

Capital assets having an acquisition cost (or other relevant valuation) above the capitalization threshold of the applicable asset class shall be valued, inventoried, depreciated for financial accounting purposes when appropriate, and regularly tracked over time through the point of retirement, sale, or other disposition.

District procedures related to capital asset management shall also account for the appropriate identification, recording, and tracking of capital assets that are acquired using (1) federal funds, (2) capital borrowing, or (3) referendum funds that are subject to specific restrictions on use.

Nothing in this policy prevents the District from otherwise inventorying (recording, counting, and tracking) supplies, equipment, and other items that are not capitalized and depreciated for financial reporting purposes. Further, even if not capitalized, the District shall inventory the following capital assets:

{Editor's Note: In consultation with the district's auditor and upon review of desired practices, list any non-capitalized items that the board wishes to ensure are consistently inventoried. The items in the sample list below are intended only as possible examples that might be considered. They do not represent auditor recommendations.}

1. [Computing devices, computer peripherals, and any instructional technology capital assets with an individual item value in excess of [insert dollar amount];
2. Textbooks;
3. Other non-capitalized items when required by law or by the terms of any grant or contract.]

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)

Federal Law

[2 C.F.R. §200.1](#) [definitions of key terms, such as "supplies" and "equipment," that are tied to local capitalization thresholds within the federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)]

[2 C.F.R. part 200 subpt. D](#) [post-award requirements under the federal Uniform Guidance; includes requirements related to tracking and disposition of property, supplies, and equipment paid for with federal funds]

[2 C.F.R. part 200 subpt. F](#) [audit requirements under the federal Uniform Guidance]

Accounting Standards

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

Cross References:

741, Maintenance and Control of Instructional Materials
WASB Policy 683 Sample policy 1

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