

Lancaster Community School District

Fiscal Management

CAPITALIZATION AND DEPRECIATION

The capitalization and depreciation policy is established to safeguard assets, enhance accountability, and provide for more accurate and uniform financial reporting in compliance with generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board Statement #34 (GASB #34).

1. All fixed asset purchases in excess of \$1,500.00 for items that have a useful life of more than one year shall be capitalized.
2. All fixed assets purchased must be entered into the District’s computer system, including the equipment’s life or depreciation purchases.
3. Certain categories of assets costing less than \$1,500.00 shall be inventoried and tracked, although not in the general ledger. These items will not be depreciated.
4. In accordance with GAAP, assets must be depreciated over their estimated useful lives.
 - a. Computer Equipment..... 3 years
 - b. Vehicles and Buses..... 5 years
 - c. Other equipment..... 5 years
 - d. Site Improvements..... 10 years
 - e. Buildings..... 27.5 years
 - f. Subsequent modernizations to buildings..... 10 years
5. For depreciation purposes only, the salvage value of assets is estimated to be immaterial. Therefore, assets will be depreciated at 100% of cost.
6. The “Half-year” convention will be utilized whereby one-half of the depreciation is recorded in the year of acquisition and the year of disposition.

LEGAL REF.: Section 120.12(1) Wisconsin Statutes
Wisconsin Uniform Financial Accounting Requirements (WUFAR)
Governmental Accounting Standards Board Statement #34 (GASB 34)

CROSS REF.: Generally Accepted Accounting Principles (GAAP)
683, Inventories
690, School Properties Disposal

APPROVED: August 13, 2003

REVISED: