

# VILLAGE OF WESTON

## FINANCIAL POLICY/PROCEDURE MANUAL

### SUBJECT: CAPITAL ASSET CAPITALIZATION POLICY

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**General:** The Village holds certain capital assets which include land, buildings, building improvements, vehicles, machinery, equipment, furniture, appliances, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single annual reporting period, and;

These assets must be accounted for at historical cost or estimated historical cost and fairly represented in the Village of Weston Comprehensive Annual Financial Report (“CAFR”) in accordance with current standards as established by the State of Wisconsin and the Governmental Accounting Standards Board (“GASB”).

- Procedures:**
- 1) Capital assets are to be capitalized only if they have estimated useful lives of at least two years following the date of acquisition.
  - 2) Capital asset value thresholds for capitalization are to be applied to individual capital assets rather than to groups of similar capital assets.
  - 3) Capital assets to be capitalized must have an initial value of \$5,000 or more. This will be known as the “capitalization threshold” for reporting purposes in the Village’s CAFR, as is defined in GASB No. 34.
  - 4) Capital assets having values of \$250 to \$5,000 are to be controlled at the department level for insurance and inventory reporting purposes. However, these capital assets will not be capitalized and will not be reported as capital assets in the Village’s CAFR.
  - 5) Value estimates of capital assets required to be reported, but for which no historical documentation is available due to past accounting practices, shall be reviewed by the village auditor in accordance with the State of Wisconsin and GASB requirements.
  - 6) An inventory of capitalized capital assets is to be kept, annually reconciled and reported in the Comprehensive Annual Financial Report (“CAFR”).
  - 7) REPAIR and MAINTENANCE COSTS are expenditures that keep the property in ordinary efficient operating condition. The cost of the repair does not add to the value or prolong the life of the asset. All repair and maintenance costs to capital assets are to be treated as an annual operating expense and charged to the appropriate department or fund.
  - 8) IMPROVEMENTS are expenditures for additions, alterations, and renovations that appreciably prolong the life of the asset, materially increase its value or adapt it to a different use. Improvement costs of \$5,000 or more to individual capital assets are to be capitalized.

- 9) Depreciation shall be computed using the straight-line method over the estimated useful life of the capital asset. In recognition of recordkeeping constraints that include manpower and computer software limitations, assets are to be depreciated during their initial year of ownership in accordance with the following practice:
- Six (6) months of depreciation for new assets, regardless of date purchased.
- 10) Assets are to be depreciated during their final year of ownership in accordance with the following practice:
- Six (6) months of depreciation for disposed assets, regardless of date disposed, assuming the asset has not yet been fully depreciated.
  - No depreciation for disposed assets, if the asset has already been fully depreciated.
- 11) The following table identifying classes of capital assets, their expected useful lives in years, and expected salvage values is to be used for depreciation and scheduling of asset replacement purposes. All assets purchased prior to the implementation of this policy shall continue to depreciate according to past practices.

| <b>Classification Description</b>  | <b>Expected Useful Lives</b> | <b>Salvage Value</b> |
|--|------------------------------|----------------------|
|  | (years)                      | (percent)            |
| <b>Land</b> <ul style="list-style-type: none"> <li>• Land</li> </ul>   | N/A                          | 100                  |
| <b>Land Improvements</b> <ul style="list-style-type: none"> <li>• Athletic Fields</li> <li>• Berms</li> <li>• Bleachers</li> <li>• Fencing &amp; Gates</li> <li>• Fountains</li> <li>• Irrigation Sprinkler Systems</li> <li>• Landscaping/Streetscape</li> <li>• Outdoor Lighting</li> <li>• Parking Lots – Asphalt or Concrete</li> <li>• Playground Equipment</li> <li>• Pool Equipment/Furnishings</li> <li>• Retaining Walls</li> <li>• Sidewalks</li> <li>• Signage – Decorative</li> <li>• Tennis Courts</li> <li>• Trails</li> </ul> | 20                           | 0                    |

|  |    |   |
|--|----|---|
| <b>Buildings</b>   | 40 | 0 |
| <ul style="list-style-type: none"> <li>• Brick &amp; Mortar or Frame Construction</li> <li>• Pole Buildings/Sheds</li> </ul>   |    |   |
| <b>Building Components &amp; Improvements</b>  | 40 | 0 |
| <ul style="list-style-type: none"> <li>• Electrical/Plumbing</li> <li>• Elevators</li> <li>• Floor Covering Replacement – Carpeting or Tile</li> <li>• Heating and Cooling</li> <li>• Interior Construction</li> <li>• Interior Renovations (including ceilings)</li> <li>• Roofing</li> <li>• Security Systems</li> <li>• Sprinkler/Fire Suppression Systems</li> </ul> |    |   |
| <b>Furniture &amp; Equipment</b>   |    |   |
| <ul style="list-style-type: none"> <li>• Appliances</li> </ul>   | 10 | 0 |
| <ul style="list-style-type: none"> <li>• Audio Visual Equipment</li> </ul>   | 7  | 0 |
| <ul style="list-style-type: none"> <li>• Business Machines (facsimile &amp; copier)</li> </ul>   | 5  | 0 |
| <ul style="list-style-type: none"> <li>• Office Furniture</li> </ul>   | 20 | 0 |
| <ul style="list-style-type: none"> <li>• Communication Equipment (radio, pager, telephone systems) – VILLAGE</li> </ul>  | 10 | 0 |
| <ul style="list-style-type: none"> <li>• Communication Equipment (radio, pager, telephone systems) – EVEREST METRO</li> </ul>  | 5  | 0 |
| <ul style="list-style-type: none"> <li>• Computer Equipment, Hardware &amp; Software</li> </ul>  | 5  | 0 |
| <ul style="list-style-type: none"> <li>• Fire Equipment</li> </ul>   | 10 | 0 |
| <ul style="list-style-type: none"> <li>• Motorized DPW/Parks Tools (mowers, compressors, etc.)</li> </ul>  | 10 | 0 |
| <ul style="list-style-type: none"> <li>• Police Equipment (radar, video, etc.)</li> </ul>  | 7  | 0 |
| <ul style="list-style-type: none"> <li>• All Other Office Equipment</li> </ul>   | 10 | 0 |
| <b>Motor Vehicles</b>  |    |   |
| <ul style="list-style-type: none"> <li>• Passenger Cars/Vans</li> </ul>  | 5  | 0 |
| <ul style="list-style-type: none"> <li>• Police Vehicles – Squad Cars</li> </ul>   | 3  | 0 |
| <ul style="list-style-type: none"> <li>• Police Vehicles – All Other Passenger Cars/Vans</li> </ul>  | 5  | 0 |
| <ul style="list-style-type: none"> <li>• DPW Trucks/Heavy Equipment</li> </ul>   | 10 | 0 |
| <ul style="list-style-type: none"> <li>• Fire Trucks</li> </ul>  | 20 | 0 |

|  |  |   |
|--|--|---|
| <b>Water Utility</b> <ul style="list-style-type: none"> <li>• Pumping Plant</li> <li>• Water Treatment Plant</li> <li>• General Plant</li> <li>• Water Distribution Reservoirs</li> <li>• Water Mains</li> <li>• Water Services</li> <li>• Water Meters</li> <li>• Fire Hydrants</li> <li>• Furniture &amp; Equipment</li> <li>• Motor Vehicles</li> </ul> | 51.25<br>(depreciation = 1.95% per year)<br>PSC Composite Rate | 0 |
| <b>Sanitary Sewer Utility</b>  |  |   |
| <ul style="list-style-type: none"> <li>• Buildings</li> </ul>  | 40   | 0 |
| <ul style="list-style-type: none"> <li>• Pump Lift Stations</li> </ul>   | 50   | 0 |
| <ul style="list-style-type: none"> <li>• Sewer Mains</li> </ul>  | 50   | 0 |
| <ul style="list-style-type: none"> <li>• Sewer Laterals/Services</li> </ul>  | 50   | 0 |
| <ul style="list-style-type: none"> <li>• Sewer Manholes</li> </ul>   | 50   | 0 |
| <ul style="list-style-type: none"> <li>• Furniture &amp; Equipment</li> </ul>  | See detailed listing above                                     | 0 |
| <ul style="list-style-type: none"> <li>• Passenger Cars/Vans</li> </ul>  | 5  | 0 |
| <b>Stormwater Utility</b>  |  |   |
| <ul style="list-style-type: none"> <li>• Mains</li> </ul>  | 50   | 0 |
| <ul style="list-style-type: none"> <li>• Inlets</li> </ul>   | 50   | 0 |
| <ul style="list-style-type: none"> <li>• Culverts</li> </ul>   | 25   | 0 |
| <ul style="list-style-type: none"> <li>• Ditches</li> </ul>  | 50   | 0 |
| <ul style="list-style-type: none"> <li>• Manholes</li> </ul>   | 50   | 0 |
| <ul style="list-style-type: none"> <li>• Detention Ponds</li> </ul>  | 50   | 0 |
| <ul style="list-style-type: none"> <li>• Machinery/Equipment –<br/>General Plant/Office<br/>Equipment</li> </ul>   | 5  | 0 |
| <ul style="list-style-type: none"> <li>• Machinery/Equipment –<br/>Heavy Equipment</li> </ul>  | 10   | 0 |
|  |  |   |

|                             |           |   |
|-----------------------------|-----------|---|
| <b>INFRASTRUCTURE</b>       |           |   |
| <b>Streets</b>              |           |   |
| • Asphalt                   | 20        | 0 |
| • Curb & Gutter             | 20        | 0 |
| • Concrete                  | <b>30</b> | 0 |
| • Driveway Approaches       | 20        | 0 |
| • Earth                     | 20        | 0 |
| • Gravel                    | 20        | 0 |
| • Seal Gravel               | 20        | 0 |
| <b>Sidewalks</b>            | 20        | 0 |
| <b>Bridges – Automobile</b> | 40        | 0 |
| <b>Bridges – Pedestrian</b> | 40        | 0 |
| <b>Street Lighting</b>      | 20        | 0 |
| <b>Traffic Signals</b>      | 20        | 0 |

Existing capital assets less than the \$5,000 capitalization threshold shall be removed from the capital asset schedule when fully depreciated.

Capital assets originally valued at \$5,000 or more that are fully depreciated shall continue to be held on the capital asset schedule until they are sold or otherwise retired.

Capital Asset Capitalization Policy  
Developed: February 2006  
Adopted: March 6, 2006