

Town of Neenah Sanitary District #2
FIXED ASSET CAPITALIZATION POLICY

The Town of Neenah Sanitary District #2 will regard fixed assets as capitalized when all of the following criteria are met:

- (1) Assets purchased, built, or leased have useful lives of one year or more.
- (2) The cost of the asset (including installation) is \$5,000 or more. Multiple assets whose cost is less than \$5,000, but the aggregate requestor total is \$5,000 or more are capitalized.
- (3) The cost of repairing or renovating the asset is \$5,000 or more and prolongs the life of the asset.

Capitalization Thresholds

The Town of Neenah Sanitary District Sanitary District #2 establishes \$5,000 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in the District's financial statements.

Capitalization Method and Procedure

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

Tangible assets costing below the aforementioned threshold amount are recorded as an expense for the Town of Neenah Sanitary District #2's annual financial statements. Alternatively, Assets with an economic useful life of twelve (12) months are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

Recordkeeping

Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of seven (7) years.

Other Considerations

- (1) REPAIR is an expenditure that keeps 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 expenditures are charged to the appropriate expense account and fund.
- (2) 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. Improvements of the nature are capitalized.

Depreciation Method – Straight Line Over the Following Useful Lives:

Service Connections	55 years
Collecting Mains	55 years
Lift Station Infrastructure	40 years
Force Mains	55 years
Other Collecting System Items	20 years
Structures & Improvements	40 years
Lift Station Pumps	20 years
Office Furniture & Equipment	5 years