TOWN OF FREEDOM, SAUK COUNTY, WISCONSIN

RESOLUTION NO. 2026-03

A RESOLUTION ADOPTING A CAPITALIZATION POLICY FOR CAPITAL ASSETS

WHEREAS, the Town of Freedom is authorized under Wisconsin Statutes §§ 60.10 and 60.22 to manage its financial affairs and establish policies for accounting and financial reporting; and

WHEREAS, the Town is required to maintain accurate financial records in accordance with generally accepted accounting principles (GAAP) and applicable Governmental Accounting Standards Board (GASB) statements; and

WHEREAS, GASB standards require municipalities to establish capitalization thresholds and useful lives for reporting capital assets; and

WHEREAS, adoption of a formal capitalization policy promotes consistency, transparency, and compliance with audit requirements;

NOW, THEREFORE, BE IT RESOLVED that the Town Board of the Town of Freedom, Wisconsin, adopts the following Capitalization Policy:

Section 1. Purpose

The purpose of this policy is to:

- Establish guidelines for capitalization of capital assets
- Ensure accurate and consistent financial reporting
- Comply with GAAP and GASB requirements
- Provide clear thresholds for recording and depreciating assets

Section 2. Definition of Capital Assets

Capital assets include tangible and intangible assets that:

- Are used in operations
- Have an initial useful life extending beyond one (1) year
- Are not held for resale

Examples include:

- Land and land improvements
- Buildings and building improvements
- Machinery and equipment
- Vehicles
- Infrastructure (roads, bridges, culverts)

Section 3. Capitalization Thresholds

The Town establishes $10,000 thresholds for capitalization.

Assets below these thresholds shall be expensed in the year of purchase

The Town may capitalize groups of similar items if purchased as part of a single project exceeding the threshold

Section 4. Valuation of Assets

Capital assets shall be recorded at:

- Equipment and Vehicles: 7-15 years
- Building: 25-39 years
- Infrastructure: 35 years

Historical cost, including:

- Purchase price
- Freight and installation
- Ancillary costs necessary to place the asset into service

If historical cost is not available, assets may be recorded at estimated historical cost.

Donated assets shall be recorded at acquisition value at the date of donation.

Section 5. Depreciation

Capital assets shall be depreciated using the straight-line method over the estimated useful lives of the assets.

Land is not depreciated

Depreciation begins when the asset is placed into service

Section 6. Infrastructure Assets

The Town will capitalize infrastructure assets, including:

- Roads and bridges
- Culverts and drainage systems

The Town may use the modified approach or depreciation method, as determined appropriate and feasible.

Section 7. Maintenance and Repairs

Routine maintenance and repairs shall be expensed as incurred

Expenditures that extend useful life, increase capacity, or improve efficiency shall be capitalized

Section 8. Disposals

When capital assets are:

- Sold
- Retired
- Otherwise disposed

Section 9. Responsibility

- The Town Board shall adopt and review this policy
- The Town Clerk/Treasurer (or designated official) shall:

- Maintain capital asset records
- Apply capitalization thresholds
- Ensure proper depreciation and reporting

Section 10. Effective Date

This resolution shall take effect immediately upon adoption and shall apply to all assets acquired after that date.

ADOPTED this 9 day of June, 2026

TOWN OF FREEDOM, SAUK COUNTY, WISCONSIN

By: ____________________

Town Chair

Attest: Jennifer Roloff

Town Clerk

Certification

I, the undersigned Town Clerk of the Town of Freedom, do hereby certify that the foregoing resolution was duly adopted by the Town Board on the date indicated above.