



Section	16	Inventory, Trackable, and Capital Assets	Effective Date	10/1/2015
Sub-section	03	Capital Assets	Revision Date	8/10/2015
SAM Ref	n/a			

BACKGROUND

Capital assets are a GAAP reporting concept. The CAFR ledger, which is used to prepare GAAP-based financial statements, will record the acquisition and use of capital assets in accordance with GASB standards. The presentation of capital assets and associated financial activity, such as depreciation, is determined by GAAP fund type:

- Governmental funds, which report on a modified accrual basis, will report capital outlay expenditures;
- Proprietary and fiduciary funds, which report on a full accrual basis, will not report capital outlay expenditures in GAAP-based statements. Rather, they will report additions to capital assets in the year a capital asset is acquired and depreciation expense over the useful life; and
- Governmental type activities in the government-wide GAAP-based statements will report additions to capital assets in the year capital assets are acquired and depreciation expense over the useful life.

Alternatively, the ACTUALS ledger will present the acquisition of capital assets as expenditures for all funds in compliance with both state budgetary law and reporting requirements for the Annual Financial Report (AFR). See *WAM 06-04 Capital Expenditures*.

PeopleSoft’s Asset Management (AM) Module allows agencies to manage capital assets within STAR. Capital asset business processes will be standardized across state agencies. Capital asset cost, history and accounting entries will be managed via STAR. Automated, standardized journal entries will be generated to account for the acquisition, depreciation/amortization, adjustment, and retirement of capital assets.

Assets are capitalized when they are of a non-financial nature, have a unit cost of \$5,000 or more and a useful life of two years or more. Internally generated intangible assets are capitalized only if costs are equal to or greater than \$1.0 million. In addition, a collection of library resources is capitalized if they have a cumulative value of \$5.0 million or more.



WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

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POLICIES

1. STAR Asset Management is the system of record for state agency capital assets.
2. Responsibility for controlling capital assets belongs to each state agency.
3. Agency Asset Processors shall enter and maintain capital assets in STAR AM for their designated business unit(s).
4. Purchases of capital assets shall be recorded as capital outlay expenditures in the ACTUALS Ledger regardless of fund type. These purchases are outflows of resources in the current period and shall be accounted for as such against the current period’s spending authority in the ACTUALS Ledger.
5. Agencies shall update AM capital asset records monthly for all assets acquired the previous month.
6. Agency capital assets acquired through the Capital Improvement or Building Trust funds shall be updated based upon the availability of Capital Accounting Construction in Progress reports. This information is currently available annually in early September.
7. Entries to record depreciation expense will occur on a monthly basis in AM except for assets acquired through the Capital Improvement or Building Trust funds. A special process will be needed to record the CAFR entries required for those capital assets.
8. Capital asset and related accounts (buildings, equipment, and depreciation e.g.) are *financial reporting only* accounts and shall be used only in the CAFR and/or Stand Alone reporting ledgers.
9. State agencies shall use asset profiles as established by the State Controller’s Office for depreciating assets that are acquired July 1, 2015 and after. The Department of Health Services and Department of Veterans Affairs care facilities shall use depreciation schedules issued by the American Hospital Association (AHA) as necessary.
10. Agencies shall perform periodic physical counts of capital assets, reconcile to STAR records, and update records as necessary.
11. Agencies designated as “Minor” agencies for CAFR reporting purposes, shall record all trackable assets in STAR AM. All trackable assets, even those valued at \$5,000 or more, shall be designated as “non-capital” assets by minor agencies.
12. Capital assets shall be recorded with a fund code and in-service date to allow for proper GAAP reporting.



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13. Capital assets acquired with federal funds shall be recorded with the required chartfields, such as appropriation, or other information to enable agencies to track assets as federally funded assets.

14. Capital assets should be tagged with inventory tags as necessary for control and identification purposes.

PROCEDURES

Information is available from Asset Management training session and End to End session.

Additional procedural information will be issued at a later date.