DIDA - Capital Assets

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This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the capital assets, including infrastructure assets, that are to be recorded in MSAD 35's annual financial statements in order to comply with the requirements of GASB Statement No. 34.

The policy also addresses other considerations for recording and depreciating capital assets in order to comply with the provisions of GASB Statement No. 34.

A. Capital Asset Definition

Capital assets will be defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.

B. Capitalization Method

All capital assets will be recorded at historical costs as of the date acquired or constructed. If historical cost information is not available, assets will be recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

C. Capitalization Thresholds

MSAD 35 establishes the following minimum capitalization thresholds for capitalizing capital assets:

1. Land and Improvements $10,000.00
2. Buildings and Improvements $10,000.00
3. Machinery/Equipment/Vehicles $10,000.00
4. Infrastructure $10,000.00

Detailed records shall be maintained for all capital assets above the established thresholds.

D. Infrastructure Assets

In accordance with GASB Statement 34, MSAD 35 will record, at a minimum, "major" infrastructure assets as defined in Statement 34 that were acquired, constructed, or significantly reconstructed, or that received significant improvements after June 30, 1980. Other infrastructure assets may be capitalized as deemed appropriate. MSAD 35 does not intend to use the "modified approach" to record infrastructure.

E. Other Assets

Detailed records shall be maintained at the discretion of the Superintendent of Schools for all items below the capitalization thresholds that should be safeguarded from loss. These items will be part of the annual physical inventory discussed below. These items include computer equipment that falls below the established thresholds and any other assets specified by the Superintendent.

F. Depreciation and Useful Life

The business manager will assign an estimated useful life to all assets for the purposes of recording depreciation. The Association of School Business Officials' "Useful Lives" schedule will be used to establish lives for most assets. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented. Depreciation will be recorded based on the straight line method using actual month convention and depreciated down to the assets salvage value.

G. Safeguarding and Controlling Capital Assets

All machinery and equipment, vehicles, and furniture will be assigned an asset number and identified with a capital asset tag. As capital assets are purchased or disposed of, the administrator in custody of that asset will be responsible for preparing a capital asset data sheet, which will then be forwarded to the business manager to ensure proper recording. A physical inventory will be taken annually on or about June 30 and compared to the physical inventory records. The results will be forwarded to the business manager where appropriate adjustments will be made to the capital asset records.

Policy Adopted: November 18, 2026

Revision #1
Created 2026-11-19 13:36:09 UTC by Rebekah Williams
Updated 2026-11-19 13:36:17 UTC by Rebekah Williams