

FIXED ASSET POLICY

NEPN/NSBA Code: DID

Introduction. This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the capital assets, including infrastructure assets, to be recorded in the Millinocket School Department's annual financial statements in order to comply with the requirements of GASB Statement Number 34 (GASB 34). This policy also addresses other considerations for recording and depreciating fixed assets in order to comply with the provisions of GASB 34.

Capital Asset Definition. Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.

Capitalization Method. All capital assets will be recorded at historical cost 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.

Capitalization Thresholds. The Millinocket School Department establishes the following minimum capitalization thresholds for capitalizing fixed assets:

| ASSET | CAPITALIZATION/DEPRECIATION |
|------------------------------|-----------------------------|
| Land | Capitalize only |
| Land Improvements | \$25,000.00 |
| Buildings/Improvements | \$50,000.00 |
| Construction in Progress | Capitalize only |
| Machinery/Equipment/Vehicles | \$5,000.00 |
| Infrastructure | \$250,000.00 |
| Non Infrastructure | \$5,000.00 |

Detailed records shall be maintained for all fixed assets above the established threshold.

Infrastructure Assets. In accordance with GASB 34, the Millinocket School Department will record, at a minimum, "major" infrastructure assets as defined in GASB 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. The Millinocket School Department does not intend to use the "modified approach" to record infrastructure.

Other Assets. Detailed records shall be maintained 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 firearms and computer equipment that fall below the established thresholds and any other assets specified by the Superintendent.

Description and Useful Life. The Superintendent, or his designee, shall assign an estimated useful life to all assets for the purposes of recording depreciation. The attached "Suggested Useful Lives" schedule will be used to establish the 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 the half-year convention and depreciated down to the asset's salvage value.

Safeguarding and Controlling Fixed Assets. All machinery and equipment, vehicles, and furniture will be assigned an asset number and identified with a fixed asset tag. As fixed assets are purchased or disposed of, the Department Head in custody of that asset will be responsible for preparing a fixed asset data sheet, which will then be forwarded to the Superintendent, or his designee, 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 Superintendent, or his designee, where appropriate adjustments will be made to the fixed asset records.

Adopted: 12/04/02