CAPITAL ASSETS POLICY

34.14.02.P

Adopted: October 5, 2010

Amended: September 16, 2025

Capitalizable Assets

The City of Shakopee will recognize all items with a per-unit value at or above the capitalization threshold and a useful life of more than 3 years as a capital asset. Assets in the aggregate over $100,000 will be recognized as a capital asset even if the per unit value is under $25,000. The increased threshold (previously $10,000) will be effective for assets purchased on or after January 1, 2025.

Software which meets the City's $25,000 threshold on a per-unit basis will be capitalized unless the software is a short-term subscription-based technology arrangement

Developer contributions of infrastructure will be recorded at estimated construction cost as provided by the engineering department.

Donated capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Repairs/additions of less than $50,000 or not materially improving or extending the life of the assets are not capitalized.

Depreciation

The City of Shakopee uses the straight-line method of depreciation.

Capitalization Threshold/Useful Lives

Capital Asset Category	Capitalization Threshold	Useful Life
Land	All land is capitalized	Indefinite (not depreciated)
Park Buildings	$50,000	30 years
Buildings	$50,000	50 years
Building Improvements	$50,000	25 years
Machinery & Equipment	$25,000	4 – 20 years
Fire Trucks	$25,000	10 – 25 years
Infrastructure	$50,000	30 – 75 years

Capital Asset Process Responsibility

The Finance Department will have the responsibility of determining procedures and reporting forms to ensure integrity of the capital asset system.

The Finance Department will have the responsibility of coordinating an annual physical inventory. Responsibility of the individual capital assets remains with the individual departments and department heads that control and use the capital assets.