

*Adopted: 11-19-2020*

*Revised:*

**ROCHESTER BEACON ACADEMY- RBA**  
**POLICY No. 316**  
**CAPITALIZATION POLICY**

**I. PURPOSE**

This policy revision is to begin with the 2019-2020 school year and continue until revised by board action.

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 Rochester Beacon Academy's annual financial statements in order to comply with the requirements of GASB Statement No. 34. This policy also addresses other considerations for recording and depreciating fixed assets for compliance with the provisions of GASB Statement No. 34.

**II. GENERAL INFORMATION**

Capital assets will be defined as tangible and intangible assets that have initial estimated useful lives that extend beyond a single reporting period. All capital assets will be recorded at historical cost as of the date acquired or constructed or fair market value at date of gift if donated. 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.

The Board of Directors of Rochester Beacon Academy establishes the following minimum capitalization thresholds for capitalizing fixed assets:

Land and improvements	\$10,000
Buildings and improvements	\$10,000
Machinery/equipment/vehicles	\$5,000

The above thresholds apply to individual items or assets and not to a group of assets. Detailed records shall be maintained for all fixed assets above the established thresholds.

**III. RECORDS**

Records shall be maintained at the discretion of the Executive Director 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 may include furniture and computer equipment that fall below the established thresholds and any other assets specified by school administration.

Management shall assign an estimated useful life to all assets for the purposes of recording depreciation. 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 asset's salvage value.

All fixed assets will be assigned an asset number. As fixed assets are purchased or disposed of, school administration will be responsible for preparing proper supporting documentation, which will then be forwarded to Rochester Beacon Academy's business office 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 Rochester Beacon Academy's business office where appropriate adjustments will be made to the fixed asset records system.