

## **Star of the North Academy 808 Capital Asset Policy**

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 SNA Schools 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 capital assets in order to comply with the provisions of GASB Statement No. 34.

### Capital asset definition

Capital assets will be defined as tangible and intangible assets that have initial estimated 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 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.

### Capitalization threshold

The District establishes a minimum capitalization threshold of \$5,000, to be applied on a group basis, for capitalizing capital assets.

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

### Depreciation and useful life

School administration will assign an estimated useful life to 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 assets salvage value.

### 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, school administration or the responsible program authority will be responsible for preparing proper supporting documentation, which will then be forwarded to School Business Solutions 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 School Business

Solutions where appropriate adjustments will be made to the capital asset records.

Board Approved on May 21, 2024