

704 DEVELOPMENT AND MAINTENANCE OF AN INVENTORY OF FIXED ASSETS AND A FIXED ASSET ACCOUNTING SYSTEM

I. PURPOSE

The purpose of this policy is to provide for the development and maintenance of an inventory of the fixed assets of the charter school and the establishment and maintenance of a fixed asset accounting system.

II. GENERAL STATEMENT OF POLICY

It is the policy of this charter school that a fixed asset accounting system and an inventory of fixed assets be developed and maintained.

III. DEVELOPMENT OF INVENTORY AND ACCOUNTING SYSTEM

The Business Manager or such other school official as designated by the School Director or the school board shall be responsible for the development and maintenance of an inventory of the fixed assets of the charter school, and for the establishment and maintenance of a formal fixed asset accounting system. The accounting system shall be operated in compliance with the applicable provisions of the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS). In addition, the inventory shall specify the location of all continued abstracts showing the conveyance of the property to the charter school; certificates of title showing title to the property in the charter school; title insurance policies; surveys; and other property records relating to the real property of the charter school.

IV. GUIDELINES

In order to associate debt with acquired assets, and to avoid net asset deficits, any asset that has been acquired with debt proceeds shall be capitalized, regardless of the cost of the asset. The asset life of these assets shall be considered relative to the time of the respected debt amortizations.

For all other assets not acquired by debt proceeds, the dollar value of any single item for inclusion in the fixed assets accounts shall not be less than \$500. The capitalization threshold shall be set at a level that will capture at least 80% of all fixed assets. The assets listed below do not normally individually meet capitalization and threshold criteria, but may be considered as a group: library books, classroom texts, computer equipment, and classroom furniture.

These asset category costs may be capitalized and depreciated as groups when that group's acquisition cost exceeds the capitalization threshold in any given fiscal year.

For group asset depreciation purposes, the estimated useful life of the group may be based on the weighted average or simple average of the useful life of individual items, or on an assessment of the life of the group as a whole. Periodically, the Business Manager and School Director shall review the estimated life of groups of assets and adjust the remaining depreciation life of the group.

Assets that fall below the capitalization threshold for GASB reporting purposes may still be significant for insurance, warranty service, and obsolescence/replacement policy tracking purposes. The Business Manager and School Director may record and maintain these non-GASB asset inventories in subsidiary ledgers.

V. REPORT

The administration shall annually update the property records of the charter school and provide an inventory of the fixed assets of the charter school to the school board. This inventory may be utilized to prepare the annual report to the Commissioner required by Minn. Stat. §123B.14, Subd. 7.

Legal References: Minn. Stat. § 123B.02 (School District Powers)
Minn. Stat. § 123B.09 (School Board Powers)
Minn. Stat. § 123B.14, Subd. 7 (Duties of School Board Clerk)
Minn. Stat. § 123B.51 (Schoolhouse and Sites; Access for Noncurricular Purposes)

Cross References: MSBA/MASA Model Policy 702 (Accounting)
MSBA Service Manual, Chapter 7, Education Funding