

New Century School Policy No. 704
Adopted: 03.27.2023
Revised: 08.28.2023



704: Capital Assets Policy

I. Purpose

The purpose of this policy is to ensure proper financial reporting for capital assets. This policy outlines the steps involved in the process of determining which expenditures would be considered to be a capital expenditure that would be considered a capital asset.

II. General Statement of Policy

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

III. Development of Inventory and Accounting System

The Director or such other school official, as designated by the Director or the school board, shall be responsible for the development and maintenance of an inventory of the fixed assets of the Academy and for the establishment and maintenance of a formal fixed asset accounting system. In addition, the inventory shall specify the location of all continued abstracts showing the conveyance of the property to the Academy; certificates of title showing title to the property in the Academy; title insurance policies; surveys; and other property records relating to the real property of the Academy.

IV. Capitalization Threshold and Depreciation Lives

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements.

The School considers any expenditure, which is capital in nature, with a grouped initial cost of more than \$5,000 and an estimated useful life in excess of one year, to be a capitalized asset. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Where applicable, assets purchased together and for a common purpose should be grouped and capitalized as one asset. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over their estimated useful life. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public purpose by the Academy, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 20 years for furniture and equipment.

V. Report

The administration shall annually update the property records of the Academy and provide an inventory of the fixed assets of the Academy 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 (Academy 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)