Adopted:

Revised:

# OCEAN OF WISDOM (the “Charter School”)

**POLICY No. \_\_\_**

**CAPITAL ASSETS AND DEPRECIATION POLICY**

**Purpose**

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

**General Requirements**

The School considers any expenditure, for tangible personal property with a useful life of more than one year; and acquisition cost of $5,000 or more, to be a capitalized asset. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 its estimated useful life.

**Charter Schools Program (CSP) Start-Up Grant Recipient Requirements**

Equipment, non-consumable supplies and other non-consumable items purchased under the federal award are intended for approved purposes identified under the grant.

If Ocean of Wisdom School closes or is no longer able to utilize purchased items of value, the purchased items of value will be distributed to other charter schools, for similar purposes, at the discretion of the state. The charter schools will maintain and submit property inventory records of all equipment, assets and non-consumable items purchased with federal CSP grant funds.

**Property Inventory Records**

Property inventory records provide detailed information about items purchased with CSP funds such as the model number, serial number, and other identifying information. Update the CSP property inventory record regularly to include all non-consumable (useful life of more than one year) items of value purchased during all three years of CSP funding.

The CSP property inventory record is submitted with the annual report to MDE’s Federal CSP grant manager through email or upon request.

Definitions of Equipment (2 CFR 200.33 & 2 CFR 200.313)

* Federal Definition: Tangible personal property; useful life of more than one year; and acquisition cost of $5,000 or more.
* Minnesota’s Federal CSP Project requires inventory management of all non-consumables, which have a useful life of more than one year. Examples of non-consumables include but are not limited to projectors, textbooks, laptops.

Property inventory records must include:

* description;
* serial number or other identification number;
* acquisition date;
* cost;
* percent of CSP funds used towards purchase (up to 100%);
* location within the school;
* use and condition; and
* ultimate disposition.

**Inventory Management**

Grantees must have adequate controls in place to account for:

* Location of equipment (e.g. place where the equipment is located);
* Custody of equipment (e.g. staff member responsible for the equipment); and
* Security of equipment (e.g. items are locked in a cabinet or classroom).

Grantees must have a control system to prevent loss, damage and theft. All incidents must be investigated by the school. Please also notify MDE’s Federal CSP grant manager.

All non-consumable items purchased with CSP funds must be properly tagged.

Grantees must protect against the unauthorized use of CSP-purchased items.

Grantees may use federally purchased property for other projects as long as the use is incidental and does not interfere with the intended purpose.

**Disposition**

When property is no longer needed, grantees must follow Minnesota’s Federal CSP Grant Project disposition policy:

Operational charter schools: The following process is in place for operational charter schools who wish to sell, give-away or dispose of non-consumables purchased with federal CSP grant funds:

* Disposition of items due to depreciation: Grantees maintain and update a property inventory record to indicate disposition of old or unusable goods (For example, add an additional column to the property inventory record titled “Disposition” to track any items removed due to depreciation to $0 value.)
* Disposition of items with value due to sale/donation.

Current grantees and former CSP grantees who have not gone beyond six years since their final report was approved by MDE, (Minnesota Statutes 2023, section 16B.98, subdivision 8), should submit an email request to Rhianon Sargent at rhianon.sargent@state.mn.us with information including:

* Specifics of what was purchased with CSP funds;
* Date of purchase;
* Purchase price;
* Current fair market value of the items;
* Proposed method of disposition (For example, donating or selling the items);
* Amount expected to be received for any sale; and
* Description of items to be purchased with funds from the sale.

The request will be reviewed and an email reply from MDE will be sent to the grantee, which will serve as the grantee’s authority to dispose of federal CSP non-consumable goods with value.

CSP purchased items cannot be sold to other charter schools. They can be donated to another charter school if your school no longer has any use for the CSP-purchased items.•

Grantees will update their federal CSP property inventory record to:

* Indicate the items disposed and the reason for their disposal.
* Include the new items purchased with funds received from a sale of federal CSP property.

Reports and record retention:

* Current grantees submit an updated inventory record with other final reports to account for disposition due to depreciation or sale/donation; and
* Grantees must update and maintain on site, for a period not less than six years after the end date of the OGAN, a property inventory record of disposition due to depreciation, sale or donation.

Closing/closed charter schools: As part of the school’s closure process, all non-consumable items of value purchased with federal CSP grant funds must be distributed to other Minnesota charter schools at the discretion of MDE.

* MDE will work with the closing school’s board of directors and the school’s authorizer on an individual basis to determine an appropriate redistribution process. There are four options available for disposing of CSP items:

Provide the items to other charter schools within the authorizer’s portfolio.

Make the items available to new charter schools that opened during the current or most recent school year.

Consult with all authorizers to see if there are other charter schools that would benefit from the CSP items.

Propose another disposition plan.

* Federally-purchased non-consumable items of value may not be sold to pay creditors.
* The school’s board of directors is responsible for the disposition of CSP items.
* The proposed disposition plan must be approved by MDE before the CSP items can be disposed of.

Please note: The above guidance applies only to federal CSP grants. Other federally funded programs such as special education and Title I may have different disposition processes for equipment purchased with those federal funds. As applicable, contact other MDE federal program managers for guidance regarding how to handle disposition of their equipment.

**Original Creation Date:**

**Last Approved By:**

**Last Approved Date:**

**Year Reviewed:**