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MSBA/MASA Model Policy 704

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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 school district and the establishment and maintenance of a fixed asset accounting system.

II. GENERAL STATEMENT OF POLICY

The policy of the school district is that a fixed asset accounting system and an inventory of fixed assets be developed and maintained.

III. DEVELOPMENT OF INVENTORY AND ACCOUNTING SYSTEM

The superintendent or such other school official as designated by the superintendent or the school board shall be responsible for the development and maintenance of an inventory of the fixed assets of the school district 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 school district; certificates of title showing title to the property in the school district; title insurance policies; surveys; and other property records relating to the real property of the school district.

When a piece of land, land improvement, building, piece of machinery and equipment or licensed vehicle have an original cost of \$5,000 or greater, it will be capitalized and placed on the fixed asset inventory. Land improvements, buildings, pieces of machinery, equipment and licensed vehicles will be depreciated over their useful life. Criteria for capitalization include all of the following:

- It retains its original shape and appearance with use.
- It is nonexpendable, that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it rather than replace it with an entirely new unit.
- It does not lose its identity through incorporation into a different or more complex unit or substance.
- It has a useful life of greater than five (5) years; an exception shall be for technology equipment which will have a useful life of three (3) years.

When a collective purchase of items, whose individual acquisition cost are less than the capitalization threshold (i.e. 3rd grade furniture, staff computers, etc.), exceeds \$25,000, those items, as a collective whole shall be listed as a capital asset and depreciated over their useful life as it would if it were a single asset.

IV. REPORT

The administration shall annually update the property records of the school district and provide an inventory of the fixed assets of the school district to the school board.

Legal References: Minn. Stat. § 123B.02 ((General Powers of Independent School Districts)
Minn. Stat. § 123B.09 ((Boards of Independent School Districts)
Minn. Stat. § 123B.51 (Schoolhouse and Sites; Uses for School and
Nonschool Purposes; Closings)

Cross References: MSBA/MASA Model Policy 702 (Accounting)