

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

704

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. This policy defines capital assets and dollar thresholds for the District.

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) **with a capitalization level that equals or exceeds \$10,000. Group purchases for technology, furniture, or other equipment that is purchased as a per quantity that otherwise may be below the individual item threshold, the total threshold is \$25,000. 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.

A. Capital Assets Definition

Capital assets include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, easements, works of art and historical treasures acquired by the District for use in providing services to the public. A capital asset is to be reported and depreciated in government-wide financial statements. In the government-wide financial statements, assets that are not capitalized are expended in the year of acquisition.

B. Inventory Record

The District shall inventory all capital assets. Each inventory record should include: description, year of acquisition, cost or estimated cost, salvage value, estimated useful life, location, and asset #.

C. Estimated Useful Life

An asset must have an estimated useful life greater than one (1) year to be considered for capitalization and depreciation. Assets that are consumed, used, habitually lost or worn out in one year or less will not be capitalized.

D. Asset Cost

The second criterion for determining depreciable capital assets is cost. The capitalization threshold shall be \$5,000 per individual asset item.

E. Depreciation Definition

Depreciation is the process of allocating the cost of tangible property over a period of time rather than deducting the cost as an expense in the year of acquisition. It is the District's policy to use the straight-line depreciation method.

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 (School District Powers)
Minn. Stat. § 123B.09 (School Board Powers)
Minn. Stat. § 123B.51 (Schoolhouse and Sites; Access for Noncurricular Purposes)
GASB Implementation Guide 2021-1

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

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