

TO: School Board Members

FROM: Superintendent Olson-Skog

DATE: June 16, 2025

SUBJECT: Review and Approval of Policy 704, Development and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System

BACKGROUND:

A recent accounting pronouncement now requires districts to track and capitalize large batches of purchases—such as 500 chairs, 300 iPads, or 1,400 student desks—as single “group” assets, even when each item falls below the usual capitalization threshold. This change significantly complicates record-keeping, because smaller items within these groups are often retired or disposed of individually over time, making precise tracking and valuation challenging.

The administration recommends that the board adopt the attached MSBA Fixed Asset Model Policy, effective retroactively to July 1, 2023, thereby covering the 2023–24 fiscal year for audit purposes. The policy sets capitalization limits of \$5,000 for an individual asset and \$25,000 for a group of similar assets—thresholds consistent with those implemented by other Minnesota districts and appropriate for School District 197.

RESOLUTION:

BE IT RESOLVED by the School Board of School District 197 to approve Policy 704, Development and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System, as presented.