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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

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

III. DEVELOPMENT OF INVENTORY AND ACCOUNTING SYSTEM

The Business Manager or such other school official as designated by the Superintendent of 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.

IV. CAPITALIZATION

Detroit Lakes Public Schools General Fixed Asset Account Group includes assets valued at \$10,000 and above with a useful life of more than one year. A limited number of equipment items such as “high risk” electronic equipment may be placed on the fixed asset list even though the original cost is less than \$10,000. The District’s policy will be to record only those items greater than \$10,000 as a fixed asset, but may charge items of a value greater than \$100 and have a useful life greater than one year to Operating Capital.

V. DEPRECIABLE LIVES

In determining the useful life of an asset the District uses ASBO (Association of School Business Officials) GASB 34 Implementation Recommendations for School Districts guidelines. The guidelines are listed below.

<u>Asset Class</u>	<u>Estimated Useful Life (Yrs.)</u>	<u>Asset Class</u>	<u>Estimated Useful Life (Yrs.)</u>
Land	N/A	Business Machines	10
Site Improvements	20	Copiers	5
School Buildings	50	Communication Equipment	10
Building Improvements	20	Computer Hardware	5
Portable Classrooms	25	Computer Software (inst.)	5
Outdoor Equipment	20	Computer Software (Adm.)	10
Machinery & Tools	15	Audio Visual Equipment	10

Kitchen Equipment	15	Athletic Equipment	10
Custodial Equipment	15	Musical Instruments	10
Science & Engineering	10	Grounds Equipment	10
Furniture & Access.	20		
Licensed Vehicles	8		

VI. DEPRECIATION METHOD

All classes of fixed assets will be depreciated based on the straight line depreciation method.

VII. DONATION/GIFTS

The District will assign a value to donations or gifts based on the current market value of that item at the time of receipt.

VIII. MAINTENANCE

The Fixed Asset inventory database is to be maintained and updated annually. The District will perform an internal physical inventory of its Fixed Assets at least every three years and will hire an outside professional appraisal firm at least every six years.

Asset additions will be done by Business Office Staff reviewing expenditure records and adding appropriate fixed asset purchases throughout the fiscal year. The Head Custodian in each building, Director of Community Education, Director of the ALC, Food Service Director, and Supervisor of Operations will be responsible for tagging new fixed asset purchases, completing fixed asset disposal forms, and completing transfer forms throughout the year.

The District will tag all assets that are practical to tag with sequentially numbered asset tags labeled Detroit Lakes Public Schools. When possible the asset tags will be placed on the right side of the asset or the back side of the asset.

IX. REPORT

The Business Manager shall annually update the property records of the School District and provide a report of the fixed assets for the School District to the School Board as part of the School District's audit. This report may be utilized to prepare the annual report to the Commissioner of Education required by Minn. Stat. 123B.14, Subd.7.

Legal References:

Minn. Stat. 123B.09 (School Board Powers)
Minn. Stat. 123B.14 Subd. 7 (Duties of School Board Clerk)
Minn. Stat. 123B.02 (School District Powers)
Minn. Stat. 123B.51 (Schoolhouse and Sites; Access for Noncurricular Purposes)

Cross References:

MSBA Model Policy 702 (Accounting)
MSBA Service Manual Chapter 9, Public School Finance