



## **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 this 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 designee 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 **in excess of \$5,000 \$10,000** if purchased with federal funds, or **in excess of \$25,000 or greater,** if purchased with any other funds, **and group assets in excess of \$50,000,** it will be capitalized and placed on the fixed asset inventory.

Land improvements, buildings, pieces of machinery and 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

Update to statute and dollar amounts.

- 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 years.

Critical control assets, which includes but is not limited to technology equipment, which have an original cost of less than \$5,000 will be inventoried for insurance purposes.

Leases and Subscription-Based Information Technology arrangements (SBITA's) which require capitalization under Government Accounting Standards Board (GASB) statement 87 and GASB statement 96, respectively, shall also be subject to the capitalization thresholds indicated above.

#### **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.09 (School Board Powers)  
Minn. Stat. § 123B.02 (School District Powers)  
Minn. Stat. § 123B.51 (Schoolhouse and Sites; Access for Noncurricular Purposes)

**Cross References:** MSBA/MASA Model Policy 702 (Accounting)  
**GASB Implementation Guide 2021-1**  
**MSBA Service Manual Chapter 7, Education Funding**

**POLICY ADOPTED:** December 14, 2006

**POLICY REVISED:** November 18, 2010, April 23, 2015, January 21, 2021