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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.

A. Capital Assets Definition

Capital assets include land, land improvements, buildings, building improvements, construction in progress 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 extended in the year of acquisition.

B. Establishing and Setting the Threshold Levels for Recording Capital Assets
 The following elements of useful life and asset costs are established for capitalization of assets:

1. Estimated Useful Life – The first criterion is 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.
2. Asset Cost – The second criterion for determining depreciable capital assets is cost. The capitalization threshold shall be established as follows for per individual asset item.

	<u>Capitalize and Depreciate</u>
Land and Construction in Progress	Capitalize Only
Land Improvements – Improvements other than Buildings	\$5,000
Building and Improvements	\$5,000
Equipment, Including Office Equipment & Vehicles	\$5,000

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)

Cross References: MSBA/MASA Model Policy 702 (Accounting)
 MSBA Service Manual, Chapter 7, Education Funding