



Adopted:

#56. Fixed Assets Policy

Adopted: November 15, 2023

This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the capital assets, including infrastructure assets, that are to be recorded in the school's annual financial statements to comply with the requirements of GASB Statement No. 34.

This policy also addresses other considerations for recording and depreciating fixed assets to comply with the provisions of GASB Statement No. 34.

I. CAPITAL ASSET DEFINITION

Capital assets will be defined as tangible and intangible assets that have initial estimated useful lives that extend beyond a single reporting period.

II. CAPITALIZATION METHOD

All capital assets will be recorded at historical cost as of the date acquired or constructed, or fair market value at the date of gift if donated. If historical cost information is not available, assets will be recorded, at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

III. CAPITALIZATION THRESHOLDS

The school considers any expenditure, which are capital in nature, with a grouped initial cost of more than \$5,000, and an estimated useful life in excess of one year, to be a capitalized asset.

Detailed records shall be maintained for all fixed assets above the established thresholds.

IV. OTHER ASSETS

Detailed records shall be maintained at the discretion of the school administration for all items below the capitalization thresholds that should be safeguarded from loss. These items will be part of the annual physical inventory discussed below. These items include furniture and computer equipment that fall below the established thresholds and any other assets specified by school administration.

V. DEPRECIATION AND USEFUL LIFE

The Director or such other school officials as designated by the Director, or the school board will assign an estimated useful life to all assets for the purposes of recording depreciation. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented.

Depreciation will be recorded based on the straight-line method using actual month convention and depreciated down to the assets salvage value.

VI. SAFEGUARDING AND CONTROLLING FIXED ASSETS

All machinery and equipment, vehicles and furniture will be assigned an asset number and identified with a fixed asset tag. As fixed assets are purchased or disposed of, school administration or the responsible program authority will be responsible for preparing proper supporting documentation, which will then be forwarded to the school's business office to ensure proper recording. A physical inventory will be taken annually on or about June 30 and compared to the physical inventory records. The results will be forwarded to the school's business office where appropriate adjustments will be made to the fixed asset records.

Legal References: Minn. Stat. § 123B.02 (Academy Powers)
Minn. Stat. § 123B.09 (School Board Powers)
Minn. Stat. § 123B.51 (Schoolhouse and Sites; Access for Noncurricular Purposes)