

Adopted: October 27, 2003  
Revised:

Policy 880

**FACILITIES CAPITALIZATION PROGRAM**  
**(Development & 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**

It is the policy of this school district that a fixed asset accounting system and an inventory of fixed assets be developed and maintained, McGregor ISD #4 capitalizes all land, land improvements, buildings, building improvements, vehicles, and other equipment bought by McGregor ISD #4

**III. DEVELOPMENT OF INVENTORY AND ACCOUNTING SYSTEM**

The business manager 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, certificate 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.

McGregor ISD #4 adds equipment to the fixed asset data base when it meets both of the following criteria:

1. The useful life is two years or more.
2. The cost of the item is \$2,500 or more. McGregor ISD #4 does not capitalize an aggregate of purchase items when a single item costs less than \$2,500.

**Inventory Control and Responsibility**

The Business Manager or designee will make all computer entries for all equipment additions, deletions, transfers, and other changes as they come into the Business Office.

The inventory list will include description, year of acquisition, method of acquisition, funding source, cost or estimated cost, and estimated useful life.

Each Administrator and Supervisor is responsible for the equipment located in their department. The department will receive a listing of inventory charged to the department on a yearly basis. This list is subject by internal or external auditors at any time. If there are any discrepancies on the listing, the Administrator or Supervisor shall let the Business Manager know immediately.

#### New Equipment

##### *Recording New Purchases*

The purchase order and/or invoice show the manufacture's brand name, description, date of purchase, and cost for each item.

When new equipment is delivered the office staff and/or business manager records the property information and location of equipment.

#### Retirement of Equipment

##### *Definition*

A retirement is any item of equipment which is proposed to be removed from the equipment inventory. McGregor Public Schools classifies these items as scraped, sold, traded-in, stolen or obsolete.

##### *General Requirements*

The Administrator/Supervisor and Business Manager must approve any request for retirement.

## **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. This inventory may be utilized to prepare the annual report to the Commissioner 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)