

POLICY

2007

Governance & Operations

INVENTORIES/CAPITALIZATION POLICY

In order to provide for the proper control and conservation of District property, the Board of Education directs that the District maintain Inventory Records and account for Capital Expenditures in accordance with the following:

Definitions

An Inventory is defined as an itemized list for tracking and controlling property.

Capitalization is defined as an accounting treatment whereby an item is recorded as a long-term asset on the balance sheet rather than as a consumable expense of the current period.

Property Control Manager is defined as the individual appointed or assigned by the Board to have overall responsibility for tracking capital assets and for the accuracy of the asset records.

Inventory Records

- All equipment items costing in excess of \$500 shall be inventoried
- All non-equipment capital assets costing in excess of \$15,000 shall be inventoried

The following information must be maintained by the Property Control Manager on the equipment/fixed asset inventory:

- a) Name and description of the property by make and model
- b) Name of titleholder
- c) Serial Number or other identification number
- d) District assigned identification number
- e) Date of acquisition
- f) Vendor and claim number for the purchase
- g) Cost of the asset (amount paid or estimate, if unknown)
- h) Source of funds to acquire asset
- i) Purpose (note and justify any changes in use)
- j) Location of use indicating the department having custody
- k) Date and method of disposal and sale price
- l) For items acquired with federal funds:
 1. funding source
 2. use and percentage of property
 3. percentage of federal participation in the cost

To the extent practicable, an inventory software program shall be utilized to facilitate the District's

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inventory tracking system.

Receipt of Inventory

- All equipment items costing more than \$500 shall be received at a central inventory receiving location

Inventory Tags

- All inventory received at the central inventory location shall be tagged with the District assigned identification number and the name of the School District.

Capitalization of Assets

- Equipment items that cost more than \$5,000 will be capitalized and depreciated for GASB 34 reporting purposes
- Equipment items costing less than \$5,000 shall be expensed for GASB 34 reporting purposes
- All non-equipment capital assets costing in excess of \$15,000 shall be capitalized and depreciated for GASB 34 reporting purposes
- All non-equipment capital assets costing less than \$15,000 shall be expensed for GASB 34 reporting purposes.
- Donated items will be capitalized at fair market value on the date of the donation.
- Some assets individually may fall below the capitalization threshold but may be purchased in large quantities by the District (e.g., computers). The District may choose to capitalize these assets as a group.

For financial reporting purposes, fixed assets with a service life of more than two years following the date of acquisition will be capitalized. Useful lives will be determined in the year of purchase based on general guidelines obtained from professional organizations and the asset's present condition. The District will use the straight-line method of depreciation and residual value will be considered. Depreciation expense will be calculated beginning in the year the asset is placed in service.

This policy shall supersede any inconsistent provisions set forth in other Board policies adopted prior to the date hereof.

Adopted: June 14, 2006

Revised/Adopted: 10/24/07