

Policy 6075: Inventory/Capitalization Policy

In order to provide for the proper control and conservation of district property, the Board directs the District to maintain inventory records and account for capital expenditures in accordance with the guidelines below. For purposes of this policy, an inventory is an itemized list for tracking and controlling property. Capitalization is 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. The Property Control Manager is 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 ~~\$1,000~~ \$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:

- Name and description of the property
- Name of titleholder (if different from the District)
- Serial number or other identification number
- **Asset Identification number** (tag number or other unique identifier)
- Cost of the asset (estimate if unknown)
- Acquisition or donation date
- Purpose (Note and justify any changes in use)
- Location of use
- Date and method of disposal and sale price
- For items acquired with federal funds:
 - Funding source

- Use and condition of property
- Percentage of federal participation in the cost

The Assistant Superintendent for Business will oversee an annual review process for the district's fixed asset inventory system. Said review will include the following key control tests:

1. Unannounced building/department visits to confirm the physical location of items selected from the fixed asset inventory system,
2. Random selection of physical assets found during unannounced building visits to confirm the items are properly tagged and recorded in the fixed asset system, and
3. Tracing of fixed asset purchases and disposals to the fixed asset inventory list to confirm records have been accurately reflected on the fixed asset inventory system

Any discrepancies between actual and recorded fixed assets discovered during the annual review must be investigated and resolved by the Property Control Manager and the building or department staff responsible for the asset(s) in question. The results of the review and the resolution of any discrepancies will be documented and maintained in the business office.

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 the 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 the professional organizations and the asset's present condition. The District will use the straight-line method of depreciation and depreciation expense will be calculated beginning in the year the asset is placed in service.

Adopted by the Board of Education: November 18, 2003

Revised: November 13, 2007

First reading - May 3, 2023