

BUS5.3 - Accounting: Inventories

B - Business

Inventories

Purpose:

To ensure the proper tracking, management, and reporting of all District land, buildings, equipment, and other assets, in accordance with the **Uniform System of Financial Records (USFR)** and state regulations.

Inventory Program:

The **Superintendent** is responsible for establishing, implementing, and maintaining a comprehensive inventory program for the District, which shall include the following key components:

- **Land and Buildings Inventory:**
A record of all District-owned land and buildings, including the size, location, acquisition cost, and any improvements made over time.
- **Equipment Inventory:**
All District equipment shall be recorded and tracked, with particular attention to items that meet capital asset thresholds or are placed on the stewardship list.

Capitalization and Acquisition Thresholds:

The District's acquisition thresholds are established as follows:

- **Capital Assets Threshold:**
Items with an acquisition cost of **\$5,000 or greater** shall be capitalized and entered into the **General Fixed Assets Listing**. These items represent long-term investments in the District's resources and are treated as capital assets.
- **Stewardship Items Threshold:**
Items with an acquisition cost greater than **\$1,000 but less than \$5,000** shall be recorded on the **Stewardship Listing**. Although not capitalized, these items are critical for monitoring and safeguarding District property.

Inventory Procedures:

The inventory program shall comply with the following procedures:

- **Annual Physical Inventory:**
A physical inventory of all **capitalized assets** and **stewardship items** shall be conducted annually in compliance with the **USFR**. The results of the inventory shall be reconciled with the District's financial records.
- **Inventory Documentation:**
Each item included in the inventory shall be recorded with the following details:
 - Description of the asset.
 - Serial or identification number, where applicable.
 - Location of the asset.
 - Date of acquisition and acquisition cost.
 - Estimated useful life (for capitalized items).
- **Disposition and Removal:**
Assets that are obsolete, damaged, or no longer in use shall be removed from the inventory following

the **USFR guidelines** and with appropriate documentation. Disposal of assets must be approved by the **Superintendent** or designated representative.

- **Reporting:**

The **Superintendent** shall provide the **Governing Board** with an annual inventory report, including details on acquisitions, disposals, and any discrepancies identified during the inventory process.

Legal Compliance:

This policy aligns with the requirements set forth in the **Uniform System of Financial Records (USFR)** and ensures that the District complies with all applicable state laws and regulations regarding asset management and reporting.

Inventories

Purpose:

To ensure the proper management, recording, and reporting of all District assets, including land, buildings, machinery, equipment, vehicles, and other significant resources. This policy ensures compliance with the **Uniform System of Financial Records (USFR)** and **Governmental Accounting Standards Board (GASB)** requirements, as well as Arizona state laws.

Responsibility:

The **Business Manager** is tasked with assisting the **Superintendent** in developing and maintaining inventory procedures that align with the **USFR** and the GASB standards. The Business Manager will also ensure that the inventory records are kept accurate and up to date, and that the required controls for inventory management are enforced.

Inventory Documentation and Control:

1. Capital Assets Inventory:

A detailed inventory listing of capital assets shall be maintained and include the following:

- **Asset Types:** Land, buildings, machinery, equipment, vehicles, infrastructure, and easements.
- **Capitalization Threshold:** Assets with an acquisition cost of **\$5,000 or more** will be tagged, marked, capitalized, and recorded in the **General Fixed Assets Inventory**.

2. GASB Compliance (GASB Statement No. 34):

Documentation for each capital asset must include, at a minimum:

- Asset description.
- Year and method of acquisition.
- Funding source.
- Acquisition cost or estimated cost.
- Salvage value (if applicable).
- Estimated useful life.
- Function(s) or purpose(s) for which the asset is used.

3. Depreciation Schedule:

A depreciation schedule must be maintained, following these guidelines:

- Includes all exhaustible capital assets.
- Excludes non-exhaustible assets (e.g., land) and construction in process.
- Based on estimated useful life, typically in years.
- Projects residual value at the end of useful life.
- Identifies the depreciation method used (e.g., straight-line).
- Applies an averaging condition where applicable.

4. Asset Disposal:

A disposal listing for all items removed from the inventory must be maintained. The listing should

include:

- Date and method of disposal.
- Approval for disposal as per District guidelines.

Stewardship Inventory:

A stewardship inventory shall be maintained for all equipment, including vehicles, with an acquisition cost between **\$1,000 and \$5,000**. This inventory shall include:

- Item description.
- Identification (tag) number.
- Location.
- Month and year of acquisition.

For insurance and management purposes, the District may also maintain an inventory of items with acquisition costs of less than **\$1,000**.

Physical Inventory Requirements:

The District shall conduct a **physical inventory** for capitalized and stewardship items according to the following schedule:

- **Biennial Inventory (every 2 years)** for:
 - Items purchased with federal funds.
 - Capitalized assets with an acquisition cost of **\$5,000 or more**.
- **Triennial Inventory (every 3 years)** for:
 - All other capital equipment.
 - Items on the stewardship list, where applicable.

Inventory Procedures for Facility Administrators:

Each facility administrator is responsible for:

- Maintaining accurate lists of the contents in their buildings.
- Providing reports on assets and inventory as requested by the Business Manager.
- Ensuring any employee who transfers items between schools or departments submits a **written transfer request form** to the Business Manager for approval prior to the relocation.

Supply Records and Perpetual Inventory:

Supply records shall be maintained for all supplies warehoused by the District and must include:

- The name of the individual receiving the supplies.
- The date supplies were received.
- The disposition or use of the supplies.

A **perpetual inventory** system shall be maintained for all supplies warehoused by the District, ensuring real-time tracking of inventory levels and proper internal controls.

Record Retention:

All inventory records, including capital assets and stewardship inventories, depreciation schedules, and disposal records, shall be maintained in accordance with the **Uniform System of Financial Records (USFR)** and other applicable state laws. These records will be readily available for audits and financial reviews.