



Book	Policy Manual
Section	First Reading by Board
Title	PROPERTY INVENTORY
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7450 - **PROPERTY INVENTORY**

As steward of this District's property, the Board recognizes that efficient management and full replacement upon loss requires accurate inventory and properly maintained property records.

The Board shall: ~~Neola give the following two options, neither of which match what we had (pink here), but we were closest to Option 2. conduct a complete inventory of all District owned equipment and supplies, including computing devices, that meet the fixed asset capitalization threshold annually.~~

{OPTION 1}

~~() conduct a complete inventory of all District owned equipment and supplies, including computing devices () annually.~~

~~() every _____ years. [Drafting Note: Insert the frequency with which the District completes its physical inventory. Federal regulations require non-Federal entities to complete a physical inventory at least once every two (2) years. As long as the District meets the minimum frequency, the District may choose to design the inventory so that it coincides with other events, including property insurance renewals or any applicable GAAP reporting requirements.]~~

~~() at such intervals as will coincide with property insurance renewal.~~

~~() and Generally Accepted Accounting Principles (GAAP) reporting requirements.~~

{END OF OPTION 1}

{OPTION 2}

(X) maintain a continuous inventory of all District-owned equipment and supplies, including computing devices.

{END OF OPTION 2}

~~The inventory accounting process will meet the Generally Accepted Accounting Principles (GAAP) reporting requirements.~~

~~For purposes of this policy, "equipment" means tangible personal property (including information technology systems) having a useful life of more than one (1) year and a per unit acquisition cost which equals or exceeds \$5,000. For purposes of this policy, equipment shall mean tangible personal property (including information technology systems), a unit of furniture or furnishings, an instrument, a machine, an apparatus, or a set of articles which retains its shape and appearance with use, is nonexpendable, having a useful life of more than one (1) year and a per-unit cost that equals or exceeds \$_____5,000 [ENTER AMOUNT], () to replace (X) as a single unit [END OF OPTION] and does not lose its identity when incorporated into a more complex unit. When defining supplies for inventory purposes, no items will be counted whose total value is less than \$_____5,000. [ENTER AMOUNT]. [DRAFTING NOTE: The Federal regulation (2~~

C.F.R. 200.439) allows for a \$10,000 threshold. Capital expenditures with a unit cost of \$10,000 or more require prior written approval of the Federal agency or pass-through entity such as the Department of Public Instruction (DPI).]

Capital assets include equipment as well as the following:

- A. land, buildings (facilities), and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases;
- B. additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

Capital expenditures, which are expenditures for capital assets, require prior approval in order to be allowable in certain situations. General-purpose equipment, buildings, and land, as well as improvements to land, buildings, or equipment which materially increase their value or useful life, are unallowable as direct charges unless the Federal awarding agency or pass-through entity provides prior approval. Whereas capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

When defining computing devices for inventory purposes, no items will be counted whose total acquisition cost is less than \$5,000.

"Computing devices" are machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories for printing, transmitting and receiving, or storing electronic information. Examples of computing devices include laptops, smartphones, tablets, etc. Computing devices are classified as equipment if their acquisition cost meets the above-mentioned equipment threshold. Computing devices that do not meet the acquisition cost threshold are considered supplies. Regardless of whether a computing device is classified as equipment or supply, it must be counted during the inventory.

It shall be the duty of the Business Office to ensure that inventories are recorded systematically and accurately and property records of equipment are updated and adjusted annually by reference to purchase orders and withdrawal reports.

Major items of equipment shall be subject to annual spot check inventory to determine loss, mislocation, or depreciation; any major loss shall be reported to the Board.

The District shall maintain a system of property records which shall show, as appropriate to the item recorded, the:

- A. description of the property;
- B. serial number or other identification number;
- C. source of funding for the property;
- D. acquisition date;
- E. acquisition cost;
- F. percentage of Federal participation in the project costs for the Federal award under which the property was acquired;
- G. location;
- H. condition of the property;
- I. ultimate disposition data including the date of disposal and sales price;
- J. manufacturer.

The District is responsible for maintaining and updating property records when there is a change in the status of the property.

Equipment and computing devices acquired **in whole or in part** under a Federal award will vest upon acquisition to the District, subject to the following conditions:

- A. The equipment shall be used for the authorized purposes of the award project during the period of performance or until the equipment is no longer needed for the purposes of the project. The property shall be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award.
1. When no longer needed for the original program or project, the property may be used in other activities in the following order of priority: (1) activities under a Federal award from the Federal awarding agency which funded the original program or project; then (2) activities under Federal awards from other Federal awarding agencies.
 2. During the time that property is used on the project or program for which it was acquired, the District must also make the property available for use on other projects or programs currently or previously supported by the Federal program, provided that the use will not interfere with the work on the original project or program.
- B. While the equipment is being used for the originally-authorized purpose, the District (or subrecipient) must not dispose of or encumber its title or other interests without the approval of the Federal agency or pass-through entity. The property shall not be encumbered without the approval of the Federal awarding agency or the pass-through entity.
- C. The equipment may only be used and disposed of in accordance with the provisions of the Federal agency or the pass-through entity and Policy 7300—Disposition of Real Property/Personal Property and Policy 7310—Disposition of Surplus Property (), and AG 7310—Disposal of Nonfixed Asset Property **[END OF OPTION]**. The property may only be used and disposed of in accordance with the provisions of the Federal awarding agency or the pass-through entity and Policy 7300 and Policy 7310 and AG 7310.
- D. The District must use equipment for the project or program for which it was acquired and for as long as needed, whether or not the project or program continues to be supported by the Federal award. The District must not encumber the equipment without prior approval of the Federal agency or pass-through entity. Property records shall be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), title entity, acquisition date, cost of the property, percentage of Federal participation in the project costs for the award under which the property was acquired, the location, use, and condition of the property, and ultimate disposition data, including date of disposal and sale price of the property, in accordance with this policy.
- E. When no longer needed for the original project or program, the equipment may be used in other activities in the following order of priority: A physical inventory of the property must be taken and results reconciled with property records at least once every two (2) years, in accordance with this policy.
1. activities under other Federal awards from the Federal agency that funded the original program or project; then
 2. activities under Federal awards from other Federal agencies. These activities include consolidated equipment for information technology systems.
- F. During the time that equipment is used on the project or program for which it was acquired, the District must also make the equipment available for use on other programs or projects supported by the Federal Government, provided that such use will not interfere with the purpose for which it was originally acquired. First preference for other use of the equipment must be given to other programs or projects supported by the Federal agency that financed the equipment. Second preference must be given to programs or projects under Federal awards from other Federal agencies. Use for non-Federally funded projects is also permissible, provided such use will not interfere with the purpose for which it was originally acquired. The District should consider charging user fees as appropriate. If the District does use equipment to earn program income, it must not charge a fee that is less than a private company would charge for similar services unless specifically authorized by Federal statute. A control system shall be developed to provide adequate safeguards to prevent loss, damage, or theft of the property. Any such loss, damage, or theft shall be investigated.
- G. When acquiring replacement equipment, the District may either trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment. Adequate maintenance procedures shall be implemented to keep the property in good condition.
- H. Property records shall be maintained that include a description of the equipment, a serial number or other identification number, the source of funding for the equipment (including the Federal Award Identification Number ("FAIN")), title holder, acquisition date, cost of the property, percentage of Federal agency contribution towards the

original purchase, the location, use, and condition of the property, and ultimate disposition data, including date of disposal and sale price of the property. Proper sales procedures shall be established to ensure the highest possible return in the event the District is authorized or required to sell the equipment/property.

- I. A physical inventory of the property must be conducted and results reconciled with property records at least once every two (2) years. When original or replacement equipment acquired under a Federal award is no longer needed for the original project/program or for activities currently or previously supported by a Federal awarding agency, and except as otherwise provided by Federal statutes, regulations, or Federal awarding agency disposition instructions, the District shall request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment shall be made in accordance with the provisions of 2 C.F.R. 200.313.
- J. A control system shall be in place to provide safeguards for preventing loss, damage, or theft of the property. Any such loss, damage, or theft of the property must be investigated. The District must notify the Federal agency or pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.
- K. Regular maintenance procedures shall be implemented to keep the property in proper working condition.
- L. Proper sales procedures shall be established to ensure the highest possible return in the event the District is authorized or required to sell the equipment/property.
- M. When equipment acquired under a Federal award is no longer needed for the original project/program or for activities currently or previously supported by a Federal agency, the District shall request disposition instructions from the Federal agency or the pass-through entity if required by the terms and conditions of the Federal award. Disposition of the equipment shall be made in accordance with the provisions of 2 C.F.R. 200.313.

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Legal

2 C.F.R. 200.313

Last Modified by Ellen Suckow on December 6, 2024