

## **INVENTORY CONTROL**

The North Middlesex Regional School District shall maintain an inventory control system to establish an orderly record of the District's fixed and capital assets.

The inventory control system shall provide an automated depreciation schedule for all capital assets that reflects annual depreciation, accrued depreciation and depreciation reserves for use in financial reporting, budget preparation, maintenance control and insurance purposes.

The inventory control system shall allow the District to comply with generally accepted accounting principles and mandated standards, such as statements issued by the Governmental Accounting Standards Board.

The District will establish an "Asset Classification and Useful Life Listing", which defines asset classifications and dollar thresholds for fixed asset inventory and capitalization by asset classification.

Fixed assets shall include, but are not limited to, furniture, equipment, machinery and software. All technology and audio-visual equipment shall be considered fixed assets, regardless of purchase price. All gifts and donations shall be entered into the inventory control system if identified as a fixed or capital asset.

Capital assets shall include, but are not limited to, land, land improvements, buildings, building improvements, leasehold improvements, construction in progress, machinery and equipment, vehicles, infrastructure and easements. A capital asset cost shall include all necessary costs incurred to place the asset in service. Costs include invoice price plus insurance during transit, freight, capitalized interest, duties, title search, registration fees and installation costs. All capital assets, including depreciation schedules, shall be maintained in the inventory control system.

The District shall use the Half-Year Convention and Straight-Line Depreciation methods for all fixed and capital assets. The Half-Year Convention method records one-half year of depreciation in both the year of acquisition and disposal. The Straight-Line Depreciation method depreciates the full cost of the asset over the full life of the asset.

The residual value, the amount that could be realized from the sale of a dismantled asset to be removed for sale in whole or in part, shall be considered zero for all District assets.

LEGAL REF:                      GASB Statement 34