

INVENTORY CONTROL SYSTEM PROCEDURES
REGULATIONS TO ACCOMPANY POLICY

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 include the following components as defined below:

Asset Classification, Useful Life and Dollar Thresholds

The following fixed and capital asset classifications, useful life, inventory thresholds and capitalization thresholds shall be used in maintaining the District's inventory control system:

Asset Classification/Sub-Classification	Useful Life	Inventory Threshold	Capitalization Threshold
Land	n/a	\$ 1	\$ 25,000
Land Improvements:			
<i>Parking Lots</i>	20	\$ 1	\$ 25,000
<i>Fencing</i>	20	\$ 1	\$ 25,000
<i>Athletic Fields & Tracks</i>	30	\$ 1	\$ 25,000
Buildings	40	\$ 1	\$ 100,000
Building Improvements:			
<i>Roof Replacement</i>	20	\$ 1	\$ 50,000
<i>HVAC System</i>	20	\$ 1	\$ 50,000
<i>Carpet Replacement</i>	7	\$ 1	\$ 50,000
<i>Window Replacement</i>	20	\$ 1	\$ 50,000
<i>Electrical/Plumbing</i>	20	\$ 1	\$ 50,000
Facilities - Machinery & Equipment:			
<i>Tractors, Loaders, Dozers, Mowers</i>	10	\$ 1,000	\$ 10,000
<i>Buses</i>	10	\$ 1,000	\$ 10,000
<i>Floor Scrubbers</i>	10	\$ 1,000	\$ 10,000
<i>Vacuums</i>	10	\$ 1,000	\$ 10,000
<i>Other Custodial</i>	10	\$ 1,000	\$ 10,000
Office Equipment:			
<i>Telephone System</i>	10	\$ 1,000	\$ 10,000
<i>Furniture & Equipment</i>	10	\$ 1,000	\$ 10,000
<i>Computers & Printers</i>	5	\$ 1,000	\$ 10,000
<i>Copiers, Risographs</i>	5	\$ 1,000	\$ 10,000
Classroom Furniture & Equipment:			
<i>Furniture</i>	10	\$ 1,000	\$ 10,000
<i>AV- Equipment</i>	10	\$ 1,000	\$ 10,000
<i>Science/Lab Equipment</i>	15	\$ 1,000	\$ 10,000
<i>Music & Band Equipment</i>	15	\$ 1,000	\$ 10,000

<i>Library Books</i>	10	\$ 1	\$ 5,000
<i>Textbooks</i>	3	\$ 1	\$ 5,000
<i>Software & Licenses</i>	5	\$ 1,000	\$ 10,000
<i>Computers & Printers</i>	5	\$ 1,000	\$ 10,000
Athletic & Recreational Equipment:			
<i>Bleachers</i>	10	\$ 1,000	\$ 10,000
<i>Exercise machines</i>	10	\$ 1,000	\$ 10,000
<i>Playground</i>	10	\$ 1,000	\$ 10,000
<i>Scoreboards</i>	10	\$ 1,000	\$ 10,000
<i>Lighting</i>	10	\$ 1,000	\$ 10,000
<i>Golf Carts</i>	10	\$ 1,000	\$ 10,000
Food Service Equipment	10	\$ 1,000	\$ 10,000
Vehicles	5	\$ 1,000	\$ 10,000

Fixed Assets

The District shall maintain an inventory of all fixed assets according to the above listing. 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. All fixed assets shall be tagged with a North Middlesex Regional School District inventory control tag. All gifts and donations, if identified as a fixed or capital asset, shall be tagged with a North Middlesex Regional School District inventory control tag and entered into the inventory control system.

Capital Assets

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 the invoice price plus insurance during transit, freight, capitalized interest, duties, title search, registration fees and installations costs. All capital assets, including depreciation schedules, shall be maintained in the inventory control system. 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.

Depreciation Method

The District shall use the Half-Year Convention and Straight-Line Depreciation method for all fixed 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.

Disposition and Residual Value

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.

Building and Leasehold Improvements

The District shall consider all building and leasehold improvements over \$50,000 a capital asset and record accordingly.

Fixed/Capital Asset Control Card

A "Fixed/Capital Asset Control Card" will be maintained for each fixed and capital asset. This document will identify each asset; record its location, any transfer from its initial location, its retirement/disposal date and entry of this data into the inventory system.

Inventory Tagging Procedure

Step 1 of 4 – Finance Department Responsibility

- Approved requisitions are sent to the Purchasing Department;
- Requisitions are converted to purchase orders (POs);
- Fixed assets being purchased are identified by determining if inventory thresholds and useful life criteria are met;
- If fixed assets are not identified – PO is processed in the usual manner;
- If a fixed asset(s) is identified, complete items 4 – 15 on the Fixed/Capital Asset Control Card;
- Place a completed F/CACC and an asset identification label in an instruction envelope;
- Attach the instruction envelope to the receiving copy of the PO;
- Return the receiving copy of the PO to the person placing the order;
- Attach a corresponding asset identification label to the accounting copy of the PO;
- Copy the accounting copy of the PO and forward to Accounts Payable;
- Place the copy of the PO in a holding file to await the return of the completed F/CACC from the person receiving the fixed asset.

Step 2 of 4 - School/Cost Center Responsibility

- Upon receipt of the fixed asset, complete items 1-3 on the F/CACC;
- Attach the inventory identification label to the asset;
- Sign and date the F/CACC to confirm the asset identification label has been affixed to the fixed asset;
- Obtain the Principal's signature on the F/CACC;
- Sign and date the receiving copy of the PO confirming delivery of the asset and authorizing payment of the invoice;
- Return the receiving copy of the PO and the completed F/CACC to the Purchasing Department.
- Intraschool and interschool transfers are reported to the Finance Department. F/CACC is completed as appropriate.
- Retirement or disposal of fixed assets are reported to the Finance Department. F/CACC is completed as appropriate.

Step 3 of 4 – Finance Department Responsibility

- Upon receipt of the receiving PO identifying a fixed asset, pull the copy of the PO which was place in the holding file;
- Attach this copy to the F/CACC;
- Forward documents to Fixed Asset Control manager.
- Fixed asset data is entered into the fixed asset program;
- Accounts Payable Dept. periodically reviews the holding file to determine status of outstanding orders. If invoices are received for POs in the holding file, APM contacts responsible person to determine delivery status.
- Transfers and retirements/disposals of fixed assets are maintained in the fixed asset system as mandated by F/CACC.

File: DL-R

Step 4 of 4 – District Responsibility

- Periodic physical inventories are taken as deemed appropriate by the District Management Team;
- Fixed/Capital Asset Control Cards and the fixed asset system are maintained as necessitated by the physical inventory.