



July 25, 2022

### **Memo on Inventory**

Many schools have purchased a capital asset with federal funds. These items need to be depreciated and inventoried.

#### *Definitions*

Capital asset – An item costing \$5,000 or more that must be capitalized and depreciated. [2 CFR 200.439]

Depreciation – is the method for allocating the cost of fixed assets to periods benefitting from asset use. [2 CFR 200.436]

**It is recommended that school districts work with their CPA to help with determining asset useful life and preparation of a depreciation schedule.**

See below for management requirements for inventory per Federal regulations.

Per 2 CFR 200.313 General

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- 1) Maintain property records procedure and policies (include description, serial number or other identification number, source of funding, acquisition date, etc.)
- 2) A physical inventory procedure and policies (physical inventory must be taken a minimum of every 2 years)
- 3) A Control System procedure and policies (ensure adequate safeguards in place)
- 4) Adequate Maintenance procedure and policies
- 5) Sales procedures and policies
- 6) Disposition procedure and policies

**Attached with this memo is an inventory template spreadsheet that we highly encourage school districts use to maintain inventory records.** Inventory records need to include all items purchased with Federal funds with a unit cost of \$5,000 or more. For many school districts this will be applicable starting with the 2020-2021 school year, but will apply to all future school years that capital asset records are required to be maintained. NDE will ensure items are inventoried properly during monitoring visits.

Sincerely,

Tom J Goeschel Jr.  
Director of Grants Compliance