

## **ACCOUNTING FOR PERSONAL PROPERTY**

Separate and complete inventory records will be established and maintained in the central office of the school system for each item of personal property considered a fixed asset to the school system. This is to include machinery and equipment, furniture and fixtures, school busses and other motorized vehicles owned by the school system. However, for accounting purposes, all personal property will be classified as equipment.

Equipment is defined as any instrument, machine, apparatus or set of articles which:

1. retains its original shape and appearance with use
2. under normal conditions, is expected to serve its intended purpose for longer than one year,
3. is non-expandable; that is, if the item is damaged or some of its parts are worn out, it is more feasible to repair the item than to replace it with a new unit.

The above criteria must be met for items of equipment that are to be included in fixed assets. For the fiscal year beginning October 1, 2000, the capitalization level for equipment was increased to \$5000 or more per equipment item. Generally accepted accounting principles require a current inventory of capitalized equipment, confirmed by an annual physical review of review of the equipment.

Personal property that does not meet the above definition of equipment and does not meet the unit cost criteria will not be included in fixed assets. Equipment items not classified as fixed assets due to the unit cost criteria must be controlled through a supplemental inventory system. The supplemental inventory must record the type of equipment, the quantity of the item by location and a cost (average, actual, or replacement) for that item.