FASOM - Section 8.04: Fixed Assets - Expendable Property

Section 08.04: Fixed Assets -- Expendable Property

The content of this policy has not yet been transitioned to the new Fiscal Policy format. This will be accomplished as time and resources permit.

A. General

[1] Value

The value or estimated value of expendable property on hand in all storerooms as of April 1 is reported each year for Insurance Fund Coverage. A physical inventory of expendable property is taken either annually or every fifth year as explained in FASOM 08.04G and 08.04H.

[2] Definition of Expendable Property

Expendable property includes the following:

- Minor equipment valued at less than $5,000
- Books, periodicals and reference materials that are not a part of a reference library or audio-visual department
- Animals used for research (Such animals are normally consumed as a result of research.)
- Property held for resale (e.g., bookstore merchandise)

B. References

Further information can be obtained from the following sources:

- Department of Administrative Services Administrative Rule 15-010-03, Expendable Property

C. Definitions

[1] Organized Storeroom

An organized storeroom is a segregated and controlled store for property that will eventually be distributed to users outside the department (e.g., students, faculty, staff, other departments or the general public). The cost of property is redistributed to related FOAPALs when withdrawn for use, sold or incorporated into a product (e.g., lumber, nails and drywall used to construct a wall). Such stores must be managed as organized storerooms if the inventory is valued at $50,000 or more at any time or if annual purchases equal or exceed $150,000. (Smaller storerooms may also be managed as organized storerooms.) Examples of organized storerooms include the following:
• Physical plant stores
• Dining service stores
• Chemistry stores
• Computer center stores
• Printing inventories
• Extension stockrooms

[2] Departmental Storeroom or Organized Departmental Inventory

A departmental storeroom or organized departmental inventory is a segregated and controlled store of expendable property intended primarily for department use. The property is not normally intended for resale. Such stores must be managed as departmental storerooms if the inventory is valued at $50,000 or more at any time or if annual purchases equal or exceed $150,000. (Smaller stores may also be managed as departmental storerooms.) Examples of departmental storerooms include:

• Stores of gym suit service supplies
• Stores of dormitory operating supplies
• Stores of athletic operating supplies

[3] Departmental Supplies

Departmental supplies include expendable property normally considered to be put into use when received. Such property is acquired for use by the department, not for resale. Stores with inventories valued at less than $50,000 and with annual purchases less than $150,000 that are not managed as organized or departmental storerooms may treat their inventories as departmental supplies. Examples include the following:

• Stores of departmental office supplies
• Stores of departmental instructional supplies

[4] Perpetual Inventory

Perpetual inventory is a system of maintaining property records that reflect the balance of property on hand. Such records may also show the value of such property. A record is kept for each item or group of items inventoried. The current balance is maintained by adding goods received and deducting goods used or issued.

A perpetual inventory system is required for organized storerooms and recommended for departmental storerooms.

D. Organized Storeroom Records
[1] Accounting Treatment

Purchases are charged to the inventory fund for the storeroom. When goods are to be sold or distributed, the charges are considered to be merchandise for resale or redistribution; when they are to be incorporated into a product, the charges are considered to be cost of goods sold. When goods are withdrawn for use or sale, the inventory fund is credited and the related FOAPAL is charged. Records must be kept on a perpetual inventory basis with full accrual. When breakage or spoilage occurs, or goods are obsolete or surplus, the items should be removed from inventory promptly.


The value of supplies on hand as of April 1 is reported for Insurance Fund coverage. The value is based on the perpetual inventory records.

[3] Physical Inventory

A physical inventory is required at least annually (see FASOM 08.04G).

The physical count is reconciled to the inventory fund.

E. Departmental Storeroom Records

See FASOM 08.04D if a perpetual inventory is maintained for the storeroom. If a perpetual inventory is not maintained, use the following procedures:

[1] Accounting Treatment

Charge purchases to the appropriate unrestricted budget operating FOAPAL. At fiscal year end, adjust the inventory and expense with a journal entry.


The value of supplies on hand as of April 1 is reported for Insurance Fund coverage. The value is based on the recent physical inventory.

[3] Physical Inventory

A physical inventory is required at least annually (see FASOM 08.04H).

F. Departmental Supplies Records
[1] Accounting Treatment

Purchases are charged to the appropriate departmental unrestricted budgeted operating FOAPAL. The supplies are not recorded as an asset at year-end.


The value of supplies on hand as of April 1 is reported for Insurance Fund coverage. The value is based on the fifth year physical inventory and estimated adjustments for intervening years.

[3] Physical Inventory

A physical inventory is taken every fifth year.

G. Physical Inventory

A physical inventory of expendable assets in organized storerooms and departmental storerooms is taken at least once each year. Departmental expendables are inventoried every fifth year.

[1] Physical Inventory - Organized and Departmental Storerooms

An annual physical is required for all organized and departmental storeroom supplies which are recorded as inventory in the Banner FIS general ledger. Physical inventory should be taken between April and June of each year.

[2] Year-End Inventory Report - Organized and Departmental Storerooms

The value of expendable assets in organized and departmental storerooms as of June 30 is reported to the institution's Business Office for closing of the books. Use one of the following procedures to complete the journal voucher, depending upon when physical inventory is taken:

- When a physical inventory is taken as of June 30, use the physical inventory amount.
- When the physical inventory is taken earlier, use the perpetual inventory amount as of June 30.

[3] Total

<Note: This electronic document supersedes all previous versions and is subject to change.

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