

TOPIC	GAAP REPORTING	SUB-SECTION 27.30.25
SECTION	SUPPORTING SCHEDULES	ISSUANCE DATE June 25, 2009
SUB-SECTION	INVENTORY	REVISED - 2019

INVENTORY

PURPOSE

The Inventory schedule is prepared to support the value of the agency's total inventory at year end. The schedule provides the detail of inventories held including supplies used during agency operations or supplies used in the production of property for resale. Inventory systems are used to maintain inventory valuations and computations. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method of accounting for inventories. This means that the expenditure/expense associated with inventory is deferred until the period in which the inventory actually is consumed.

At June 30, an adjustment is made to adjust the inventory account. An entry to set up inventory or record an increase in inventory is recorded as follows:

<u>Account</u>	<u>Account Name</u>	<u>DR</u>	<u>CR</u>
14000000	Inventory	\$XXX	
62000000	Expenditure		\$XXX

If inventory is decreased, an entry is prepared to debit the expenditure and credit the inventory

The inventory form for Governmental funds is required only when the inventory is \$50,000 or more in value. Amounts less than \$50,000 in inventory are considered immaterial and are expensed as purchased.

The instructions for completion of the schedule are set forth below. Exhibit 27.30.25 illustrates a blank form with reference instruction numbers.

REFERENCE

EXPLANATION

- | | |
|----|---|
| 1 | The fund number. |
| 2 | The business area and name. |
| 3 | The fund balance account (restricted, committed or unassigned). |
| 4 | The cost center to use for this fund. |
| 5 | The reporting date including month, day and year. |
| 6 | The person who prepared the schedule. |
| 7 | The valuation method used for each inventory type (i.e. FIFO or average cost). |
| 8 | The cost of each inventory type based on the valuation method selected in 7 (Do not enter zeros). |
| 9 | The market value of the inventory (Do not enter zeros). |
| 10 | Formula-Do Not Adjust. This is the lowest amount, cost (8) or market (9) for each type of inventory. |
| 11 | Total of amounts in 7-10. |
| 12 | The current balance in MAGIC for inventory. |
| 13 | Formula-Do Not Adjust. This is the amount to adjust inventory account by to record year end balances. |

Exhibit 27.30.25

Form 27.30.25 (Rev. 7/17)

Inventory

Fund #: _____ (1)
Business Area #: _____ (2) **Business Area Name:** _____ (2)
Fund Balance Account _____ (3)
Cost Center _____ (4)
For the Period Ended: _____ (5)
Prepared by: _____ (6)

Type of Inventory	Method of Valuation	Cost	Market	Lower of Cost or Market		
	(7)	(8)	(9)	(10)		
Agricultural Supplies						
Construction and Repair Supplies						
Educational Supplies						
Food Supplies						
Household and Cleaning Supplies						
Medical Supplies						
Motor Vehicle Operating Supplies						
Office Materials and Supplies						
Items for Resale						
Wearing Apparel						
Other Materials and Supplies (List)						
					Current Magic Balance	Amount to Adjust
	TOTAL		(11)		(12)	(13)