

OREGON ACCOUNTING MANUAL		Number 15.50.00.PO
Oregon Department of Administrative Services State Controller's Division	Policy	Effective Date July 1, 2001
Chapter	Accounting and Financial Reporting	.1 OF .1
Part	Inventories	
Section		Approval Signature on file at SCD

Authority [ORS 293.590](#)
 NCGA Statement No. 1
 GASB Statement No. 34

Classification and Method of Accounting

- .101 Inventories in governmental funds generally consist of materials and supplies on hand for future consumption. These inventories will be accounted for using the purchases method (i.e., expensing the items when they are purchased). Significant amounts of inventories on hand at fiscal year end in governmental funds should be reported as an asset, offset by a reservation of fund balance.
- .102 Proprietary funds will account for inventories using the consumption method. With the consumption approach, inventories are recorded as assets when purchased and the recognition of an expense is deferred until the period the inventories are actually consumed.
- .103 In addition to materials and supplies for future consumption, proprietary funds may have goods held for resale. When inventories are held for resale, the agency must adopt a method for determining the cost assigned to inventories used. Acceptable assumptions include first in, first out (FIFO); last in, first out (LIFO); and specific identification. Any of these valuation methods is acceptable as long as it is consistently applied from year-to-year and in compliance with applicable statutes. Inventory computations must be retained.
- .104 Agencies with inventories in proprietary funds should account for materials and supplies inventories in a separate general ledger account than inventories held for resale.
- .105 When governmental fund inventories are reported in the government-wide financial statements, the change in inventory is reported on the consumption basis.

Physical Inventories

- .106 Physical inventories of all significant materials, supplies and goods held for resale will be taken annually, and appropriate adjustments made to the accounting records to reflect any changes identified. A record of inventories taken should be maintained.