

**Provo City School District**  
**Policy Series 6000 Finances and Operations**



**Policy No. 6120**

### **Fixed Asset/Capitalization**

In accordance with Generally Accepted Accounting Principles, the District's business department is required to retain a current set of guidelines for capitalization of fixed assets in the District's financial statements. It is the District's responsibility to periodically review these guidelines and make any necessary changes as GAAP standards and federal guidelines require.

Capital Asset is defined as: land, buildings and significant improvements with a total cost of >\$10,000 and furniture and equipment with an individual purchase price >\$5,000 and a useful life of more than 1 year:

If your purchase meets the above definition and is

- 1) An individual purchase >\$5,000, it is considered a fixed asset purchase
  - Object codes 073000 is appropriate to use for coding
  - Object code 061000 or 065000 – should NOT be used for capital/fixed assets, it is for supplies (regular and technology)
  
- 2) A basket purchase – purchases of multiple items which in aggregate are >\$20,000, is considered a fixed asset purchase
  - Object codes 073000 is appropriate to use for coding
  - Object code 061000 or 065000 – should NOT be used for capital/fixed assets
  
- 3) Related to Capital Asset (buildings and improvements)
  - Must have capital asset Program number assigned
  - Object code 046000 is appropriate to use for coding
  - Maintenance and repairs are NOT capitalized unless they add value and extend the useful life of the asset and should NOT be coded to 046000, but rather to 044000.
  - Land and Site improvements should be coded to 071000
  - Architect expenses should be coded to 072200

Donated capital assets – recorded at estimated fair value on the date of donation (includes Art)

The district does not capitalize agency purchases.

Any computer purchase which is less than the above threshold still must be tracked in INVENTORY at a zero cost.

Revised: November 10, 2016