

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



**Policy No. 6120**

### **Fixed Asset/Capitalization**

In accordance with Generally Accepted Accounting Principles (GAAP), 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 \$100,000 or more; and furniture, vehicles, and equipment with an individual cost of \$10,000 or more; and a useful life of more than 1 year:

If your purchase meets the above definition and is

- 1) An individual purchase of \$10,000 or more is considered a fixed asset purchase
  - Object code 073000 is appropriate to use for coding for capitalizable furniture and equipment
  - Object code 073200 is appropriate for buses and object code 073500 is appropriate for vehicles
  - Object code 061000 or 065000 – should NOT be used for capital/fixed assets, it is for supplies (regular and technology)
  
- 2) Related to a Capital Asset (buildings and improvements)
  - Must have capital asset Program number assigned
  
  - 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
  - Construction expenses should be charged to object code 046000
  - Architect expenses should be coded to object 046100
  - Engineering expenses should be coded to object 046200

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: April 30, 2024