



3000 - Finance

370 - Capitalization of Property

Policy

1. All tangible personal property, land, capital improvements, or buildings with a useful beyond a single annual reporting period and a unit acquisition cost that exceeds the Board of Trustees-authorized capitalization threshold of \$5,000 are recorded and capitalized on the property schedule. The asset capitalized cost includes actual costs, tax, shipping/handling, and other expenses incurred to bring the asset ready for its intended use. Additionally, these policies apply to capital assets:
 - 1.1. Providence Hall Charter School (PHCS) follows generally accepted accounting principles (GAAP) as applicable to special purpose business-type activity government entities. All fixed assets purchased are capitalized in the year of purchase, and recorded in the general ledger. PHCS follows the policy of capitalizing all fixed assets purchased greater than \$5,000 per unit.
 - 1.2. In accordance with GASB guidance, assets whose individual acquisition costs are less than the threshold for an individual asset, but are significant in aggregate should be capitalized. Computers, classroom furniture, and library books are examples of asset types that may not meet the capitalization policy individually, but may be significant collectively.
 - 1.3. All capitalized assets will be depreciated using the straight-line method of depreciation in accordance with such asset's useful life and governmental & financial accounting standards.
 - 1.4. The depreciation expense will be recorded in the year end statement of revenues, expenses, and changes in net assets.
 - 1.5. PHCS shall maintain records of all federal and state government-furnished capital assets (where required), including those in restricted programs, with proper program identification and segregation of property and equipment acquired through government contracts, funds, or programs. For restricted programs, ensure these assets are only used for allowable purposes per program regulations and dispose of these assets in a manner consistent with program rules (there are limitations on asset disposal in certain federal programs)
 - 1.6. Procedures for asset disposal must comply with state or federal law or regulation where appropriate.
 - 1.7. No item on the property schedule shall be disposed of or removed from the premises without prior approval of the Executive Director.
 - 1.8. All assets shall be disposed consistent with applicable regulations, including any regulations applicable to restricted funds with which they were purchased, according to state or federal regulations.