



**LOS ANGELES UNIFIED SCHOOL DISTRICT
POLICY BULLETIN**

TITLE: ACCOUNTING FOR SUPPLIES AND EQUIPMENT PURCHASES
NUMBER: BUL-1158
ISSUER: Richard Knott, Controller
 Accounting and Disbursements
DATE: July 22, 2004

ROUTING
 All Employees
 All Locations

POLICY: Under the California School Accounting Manual (CSAM), expenditures are required to be classified by “objects”, in order to provide consistency in financial reporting among school districts. An object refers to the type of item purchased or service obtained, such as instructional materials and teacher salaries. Additionally, beginning with the 2001-2002 Fiscal Year, the District is required to separately account for all fixed assets (land, buildings, equipment, etc.), and report depreciation on those assets accordingly. This bulletin explains the different object codes used to purchase supplies and equipment and corresponding dollar thresholds applicable for each. The distinction, hopefully, will ensure that equipment and other capital assets are captured correctly to comply with the new reporting requirements.

MAJOR CHANGES: This bulletin replaces Bulletin DB-18 (Rev.) of the same subject, dated June 12, 2002. The content has been updated to **reflect an increase in the capitalization threshold, and to provide exceptions to established criteria.**

GUIDELINES: The following guidelines apply.

CRITERIA FOR DETERMINING APPROPRIATE OBJECT CODE

Effective July 1, 2004, the dollar threshold to qualify items as “capital” or fixed assets is increased from \$15,000 to \$25,000. The threshold for defining items purchased as supplies remains unchanged at below \$500. Items costing from \$500 to \$24,999 are considered “non-capital.”

Except as provided in the succeeding paragraphs, object codes for supplies and equipment purchases shall be determined based on unit cost (purchase price including sales tax and freight charges) using the following criteria:

- 1) Use the following object 6400 series for equipment items with a unit cost of \$25,000 or more. These are considered “capital” equipment.

<u>Object Code</u>	<u>Object Name</u>
6410	Capital Equipment - Audiovisual
6420	Capital Equipment - Library
6430	Capital Equipment - Food Services



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6440 Capital Equipment - Transportation
6490 Capital Equipment - All Other

- 2) Use object code 6501 for equipment replacement with a unit cost of \$25,000 or more.
- 3) Use the following object 4400 series for equipment items with a unit cost between \$500 and \$24,999, whether newly acquired or replacement. These are considered “non-capital” equipment.

	<u>Object Code</u>	<u>Object Name</u>
Audiovisual	4410	Non-Capital Equipment Purchases -
	4420	Non-Capital Equipment Purchases - Library
	4430	Non-Capital Equipment Purchases - Food
Services		
	4440	Non-Capital Equipment Purchases -
Transportation		
	4490	Non-Capital Equipment Purchases - All
Other		

- 4) Use object code 4501 for items with a unit cost below \$500. These are considered supplies.

In certain cases, the \$25,000 capitalization threshold may be applied on an aggregate instead of “per unit” basis. When equipment items are purchased as part of a new acquisition or construction, they may be charged to the object 6400 series as long as the aggregate cost is at least \$25,000 even though individual items cost less than \$25,000.

On the same token, textbooks which are normally recorded in the object 4100 series may be recorded in object 6300 (Books and Media-New/Expand Libr), if purchased for a new school and the aggregate cost is at least \$25,000.

Attachment A provides a sample list of certain services or commodity items and their corresponding object codes.



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EQUIPMENT INVENTORY

Schools and offices are required to maintain an inventory of all equipment, both “capital” and “non-capital”. For further information, please refer to Accounting and Disbursements Division Bulletin No. BUL-953, Control of Site Equipment, dated May 10, 2004.

AUTHORITY: This is a policy of the General Accounting Branch – Accounting and Disbursements

**RELATED
RESOURCES:** None

ASSISTANCE: For assistance or further information please contact

The SACS Unit at (213) 241-7962

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Accounting and Disbursements Division

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ATTACHMENT A

SERVICE/COMMODITY ITEM	OBJECT CODE
Camcorder - \$750	4410
Computer (for library) - \$1,200	4420
Cash register - \$18,000	4430
Tire changer - \$20,000	4440
LaserJet printer - \$800	4490
Fax machine - \$480	4501
LCD video projector - \$25,200	6410
Library System computer - \$28,000	6420
Refrigerator - \$30,000	6430
Light service truck - \$40,000	6440
Copier - \$27,000	6490