



State of Arizona Accounting Manual

Topic 25 Long-lived Resources
Section 50 **Groups of Fixed Assets, Collections,
Assemblies of Components, Etc.**

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INTRODUCTION

This section of SAAM provides guidance in the handling of groups of fixed assets, collections, and assemblies of components, all of which present special challenges in determining how they and their constituent parts should be treated for purposes of capitalization and depreciation. The section of SAAM dealing specifically with IT fixed assets should also be consulted for additional information when applicable.

POLICY & PROCEDURES

1. Groups of assets or resources.
 - 1.1. Groups of assets or resources that may be purchased together or that are identical in nature, such as groups of desks, groups of chairs, etc., should be treated as individual resources or assets unless the group has a significant cost.
 - 1.2. Effective FY2025, assets that are below the capitalization of \$5,000, that are purchased as group and have significant costs are subject to capitalization per GASB Implementation Guide 2021-1 Section 5.1.
 - 1.3. A group of assets that totals \$200,000 or more that would normally not meet the capitalization threshold are considered to be a significant group of assets and must be capitalized when purchased as a group. This group of assets may or may not be identical but is purchased together and should be the same general type (e.g. IT equipment, furniture, books, etc.). Examples may include computer equipment, furniture, and books, as well as, other assets that may not meet the capitalization threshold.
 - 1.4. A significant group of assets are capitalized and must be recorded under the 8400 Object Class under the applicable object.
 - 1.5. Groups of resources or assets, unless a significant group of assets, do not include:
 - 1.5.1. Collections of works of art or collections of historical treasures, which are treated separately in this publication.
 - 1.5.2. A unit assembled from component parts (e.g., a computer). Such units are to be treated as individual resources when evaluated for capitalization and stewardship purposes.

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- 1.5.3. Modular furniture systems or their components, which are treated separately in this publication.
- 1.6. Even when individual items within a group of assets need not be capitalized, they may individually or collectively represent a significant investment of State resources. Agencies are to employ measures to safeguard items within a group of assets commensurate with the value of the assets and the risk of loss.
2. Modular furniture systems.
- 2.1. Modular furniture systems (i.e., cubicles and their components)—including desktops, shelves, partitions, storage drawer pedestals, stanchions, etc.—are considered independently functioning tangible resources and, therefore, are not collectively evaluated for capitalization, unless part of a significant group of assets.
- 2.2. If an individual component of a modular furniture system costs five thousand dollars (\$5,000) or more, it should be treated as an individual capital asset.
3. Works of art and historical treasures.
- 3.1. Unless a written exception is granted by the GAO, works of art and historical treasures in the possession of State agencies are to be treated as components of qualifying collections. A qualifying collection is subject to all the following provisions:
- 3.1.1. The collection is to be held for public exhibition, education, or research in furtherance of public service, rather than for financial gain.
- 3.1.2. The collection is to be protected, cared for and preserved.
- 3.1.3. The net proceeds from the sales of collection items are to be used to acquire other items for collections.
- 3.1.3.1. The term “net proceeds” is defined as the gross selling price less all direct expenses of the sale.
- 3.1.3.2. The collection to which the sold items and the acquired items belong need not be the same.
- 3.2. Works of art and historical treasures that are not part of a qualifying collection are to be capitalized if equal to or greater than the capitalization threshold of \$5,000. Capitalization requires that the value of a work of art or historical treasure be determined; this may be accomplished by ascertaining its historical cost or by establishing its fair market value.
4. An individual item that is exhaustible and meets the relevant threshold should be capitalized and depreciated over its estimated useful life.

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5. An individual item that meets the relevant threshold but is inexhaustible should be capitalized but not depreciated.