

Asset Capitalization Criteria Policy

Effective immediately, tangible and intangible assets, intended for use in the conduct of State business must meet the following requirements in order to be capitalized:

- a normal useful life of at least one year and
- a unit acquisition cost of at least \$5,000.

Property not meeting the above requirements will not be recorded in the General Ledger as an asset and will be expensed in the accounting period acquired. Property expensed can still be tagged and added to the property control data base as non-capitalized equipment if they are defined as "highly sensitive". Property must have a unit acquisition cost of at least \$1,000 and be approved by the University Controller to qualify as "highly sensitive". Computer related equipment/software, costing at least \$1,000, is defined as "highly sensitive" property and requires the "447 stamp" approval by Academic Resources or Information Technology Services (ITS).

Tangible and intangible property that are already capitalized but do not meet the new asset capitalization criteria will be removed from the General Fixed Assets Fund as well as the property control data base. Non-capitalized "highly sensitive" property, such as computer related equipment/software, will also be removed from the General Fixed Assets Fund, but will remain on the property control data base as non-capitalized equipment.

This policy is consistent with the State Administrative Manual (SAM Section 8600), and with the California State University Management Memo #95-22.