

SAM – PROPERTY ACCOUNTING

CAPITAL ASSETS

8602

(Revised 09/2010)

State property is capitalized for accounting purposes when certain conditions are met. Capitalization means to record the property in the accounting records as assets. Tangible and intangible property must meet the following three requirements in order to be capitalized:

1. Have an expected useful life of at least one year;
2. Have a purchase cost or internally generated cost of at least \$5000 (e.g., four identical assets which cost \$3000 each, for a \$12,000 total, would not meet the requirement); and
3. Are used to conduct State business.

When the above three requirements are not met, the property will be recorded as an expenditure and not a capital asset in the General Ledger. See SAM Section 8615 and 8635 for accounting instructions for intangibles.

When the term "equipment" is used in SAM, it refers to personal property which is capitalized.