

<b>OREGON ACCOUNTING MANUAL</b>		Number 15.60.10.PO
Oregon Department of Administrative Services State Controller's Division	<b>Policy</b>	Effective Date July 1, 2005
Chapter	<b>Accounting and Financial Reporting</b>	.1 OF .1
Part	<b>Capital Assets</b>	
Section	<b>Classification and Capitalization</b>	Approval  Signature on file at SCD

Authority [ORS 293.590](#)  
 GASB Statement No. 34  
 GASB Statement No. 42

### Scope and Applicability

- .101 The **agency head** of each agency is responsible to ensure the State's **capital assets** are accounted for and classified properly and accurately in their accounting records. Agency management is responsible to ensure that internal controls are sufficient to provide reasonable assurance that State assets are not lost or stolen. Agency administrators will appoint an individual to maintain a subsidiary system (manual or automated) to appropriately account for and control capital assets.

### Policy Standards

- .102 Proper accounting of capital assets includes classification in the applicable general ledger account, application of the State's capitalization threshold, and reporting assets in the appropriate GAAP fund at their historical cost, net of accumulated depreciation. When estimated historical cost is used, management is responsible to ensure estimates are reasonable and supported by adequate documentation, including methodology and assumptions used.
- .103 The state's capitalization threshold is \$5,000. Thus, capital assets with a cost of \$5,000 or more and a useful life of at least one year must be capitalized and reported in the agency's accounting records. Property with a cost of less than \$5,000 must not be capitalized; it must be expensed in accordance with [OAM 15.55.00](#) Non-Capital Assets.
- .104 Management is responsible to ensure capital assets are properly controlled through the use of subsidiary property ledgers that are periodically reconciled to general ledger control accounts. Capital assets must be labeled with a property identification tag for tracking purposes and physically inventoried at least annually. All surplus capital assets will be disposed of in accordance with Department of Administrative Services, State Services Division policies using a property disposition request (PDR) form.