



University System of Georgia
Creating A More Educated Georgia

7.1 Capital Asset Definitions and Guidelines

Capital assets are real or personal property that have a value equal to or greater than the capitalization threshold for the particular classification of the asset and have an estimated life of greater than one year.

The University System of Georgia (USG) has invested in a broad range of capital assets that are used in system operations, which include:

1. Land and land improvements
2. Building and building improvements
3. Facilities and other improvements
4. Infrastructure
5. Construction in progress
6. Leasehold improvements
7. Personal property
 - Furniture and equipment
 - Vehicles
 - Software developed or obtained for internal use
 - Other assets
 - Works of art and historical treasures
 - Library books and materials
 - Intangible assets

7.1.1 Capital Asset Classification

Assets purchased, constructed or donated that meet or exceed the University System's established capitalization thresholds or minimum reporting requirements must be uniformly classified. *

***Note:** Institutions using the PeopleSoft Financial software will use the PeopleSoft asset categories and profiles to classify these assets. Included in these asset profiles are codes that can be used to componentize research buildings in conjunction with parent/child relationships. Each asset profile in the PeopleSoft system contains a default value for estimated useful life (expressed in months).

Institutions will follow USG accounting standards for establishing the historical acquisition cost for each asset. Institutions will be allowed to substitute information for residual value and/or estimated life based on individual experience. Any substitutions must be substantiated and auditable. Residual values for equipment will be zero. Equipment is normally disposed of through the state where the value to the system and state is nominal.

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7.1.2 Capitalization Thresholds

Standard capitalization thresholds for capitalizing assets have been established for each asset category. All University System of Georgia entities are required to use these thresholds.

Class of Asset	Threshold
Land/land improvements	Capitalize All
Buildings/building improvements	\$100,000
Facilities & other improvements	\$100,000

Class of Asset	Threshold
Infrastructure (Major Systems)	\$1,000,000
Equipment / Leased Equipment	\$5,000
Library books/materials (collections)	Capitalize All
Works of art/historical treasures	Capitalize All
Software developed or obtained for internal use	\$1,000,000
Capital Leases - Buildings	\$100,000