

## Capital Asset Classification

Capital assets purchased, constructed or donated that meet or exceed the Comptroller's established capitalization thresholds or minimum reporting requirements must be uniformly classified using the SPA class code structure. Appendix A lists current class code structures for personal and real property. Included in the SPA class code structure are codes that can be used to componentize buildings as required by Texas Government Code Section 2101.015.

Each class code in the SPA system contains a default value for both residual value (expressed as a percentage of historical cost) and estimated useful life (expressed in months). The default values are based on statewide historical data for each class of asset. Agencies must follow set Comptroller accounting standards for establishing the historical cost for each asset. Agencies may substitute information for residual value and/or estimated life based on individual experience for each class of asset. Any substitutions must be substantiated and auditable.

## Capitalization Thresholds

Standard capitalization thresholds for capitalizing assets have been established for each major class of assets. All state entities are required to use these thresholds.

Class of Asset	Threshold
Land/land improvements	Capitalize All
Buildings/building improvements	\$100,000
Facilities and other improvements	\$100,000
Infrastructure	\$500,000
Personal property	\$5,000
Library books/materials (collections)	Capitalize All*
Works of art/historical treasures	Capitalize All
Leasehold improvements	\$100,000

\* See Capital Asset Categories, Other Capital Assets in this chapter for more information.