




Office of the State Controller

OFFICIAL MEMORANDUM

To: Chief Financial Officers, Vice Chancellors, Business Managers

From: Laura J. Klem, Deputy State Controller 

Date: June 1, 2026

Subject: Capital Assets Policy Change and Updates

CC: Fiscal Staff

In response to recent GASB Implementation guide questions regarding grouped assets, and changes to the federal guidance related to federally funded grant assets, the Office of the State Controller (OSC) has reevaluated the State's capital asset policies to determine whether updates are needed to enhance the financial record keeping and reporting of capital assets.

Based on previous surveys and feedback regarding grouped assets, the Group Asset policy 102.20 has been developed. In addition, the Financial Reporting Update for Grouped Assets has also been revised. The policy defines grouped assets and includes Appendix B, which provides guidance on how to identify and record Group Assets in NCFS. A quick reference guide (QRG) has also been embedded in Appendix B to assist with recording group assets in the NCFS Fixed Asset Module.



Effective July 1, 2026, the capitalization threshold for certain capital assets will increase to the following:

Asset Class	Current Capitalization Threshold	July 1, 2026 Capitalization Threshold
Buildings	\$5,000	\$100,000
Land Machinery and equipment Art, literature, and other artifacts General infrastructure Computer software	\$5,000	\$10,000
Internally generated computer software	\$1,000,000	\$1,000,000
Other intangible assets	\$100,000	\$100,000
Right-to-use – Buildings Right-to-use-Land Right-to-use – machinery and equipment Right-to-use – general infrastructure	\$10,000	\$10,000
Subscription assets (SBITAs)	\$400,000	\$400,000

This update is being made to reduce the administrative burden of tracking lower-value items, reflect inflationary impacts, and align with modern materiality standards. Additionally, recent updates to the federal Uniform Guidance related to the capitalization threshold for grant assets contributed to this decision. The threshold changes will be implemented prospectively in the FA Module for fiscal year 2027. Agencies will not need to take any immediate action related to existing assets.

OSC will provide additional guidance and an informational session at a later time, to further discuss the impacts of the threshold changes and what agencies will need to do for assets that fall below the threshold but still require tracking or monitoring, including federal grant assets to ensure agencies are complying with the terms and conditions of the grant. The guidance and informational session will also clarify the recording of building improvements and renovations versus building maintenance.



Office of the State Controller
Official Memorandum

In conjunction with the capitalization threshold change, OSC is also evaluating the useful lives assigned to capitalized assets to determine whether adjustments are needed based on agency usage and operational experience. To support this evaluation, we are requesting your assistance in completing a survey, which is linked below.

[OSC Capital Asset Survey June 2026](#)

Additionally, we are asking agencies to review and clean up fully depreciated assets. OSC will provide each agency with a list of fully depreciated assets for review and validation. Once reviewed and necessary adjustments are made, we ask you email your assigned analyst, stating you have completed this exercise. This should be completed by June 30, 2026. To further assist OSC in evaluating useful lives, we have also included questions in the asset survey linked above about the impact of fully depreciated assets at your agency.

SA 26-36