



OFFICE OF THE UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

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COMPTROLLER

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS  
(FINANCIAL MANAGEMENT & COMPTROLLER)  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Application of Capitalization Thresholds for General Property, Plant, and Equipment (FPM19-01)

The joint signed memorandum "Elimination of Military Equipment Definition and Increase to Capitalization Thresholds for General Property, Plant and Equipment," dated September 20, 2013, established the existing capitalization thresholds for the DoD. The implementation for the new capitalization thresholds took a "prospective" approach, meaning that all capital assets with a net book value acquired prior to October 1, 2013, remain capitalized and new acquisitions October 1, 2013, and after are subject to the new thresholds established in this memorandum.

Effective upon the issuance of this memorandum, in the years leading up to components making unreserved assertions under Statement of Federal Financial Accounting Standards 50, each component may apply the applicable capitalization threshold to its entire population of General Property, Plant, and Equipment retroactively, irrespective of the capitalization thresholds in effect for years prior to October 1, 2013. When doing so, components need to take the appropriate steps to ensure all relevant prior period adjustments and note disclosures are included in their component annual financial statements.

This guidance will be incorporated into the relevant chapters of Volume 4 of the DoD Financial Management Regulation. As components progress toward making unreserved assertions, the Office of the Under Secretary of Defense (Comptroller) will issue future guidance on the processes and procedures for components to use to reassess capitalization thresholds.

My point of contact for this matter is Ms. Deera Herron. You may contact her at [deera.m.herron.civ@mail.mil](mailto:deera.m.herron.civ@mail.mil) or 703-695-8176.

Mark E. Easton  
Deputy Chief Financial Officer

cc:

Assistant Secretary of Defense for Sustainment, Office of the Under Secretary of Defense for Acquisition & Sustainment  
Deputy Inspector General for Audit, Department of Defense Office of Inspector General