PURPOSE
To establish principles for the recording and capitalization of equipment.

DEFINITIONS
Equipment, often called moveable equipment, is an item of furniture, machinery, or other tangible asset which is not part of the supporting structure of a building or permanently attached to a building. Equipment permanently attached to a building is called fixed equipment and it is capitalized with building renovation or construction costs.

First Cost: - Includes all costs to purchase, install, and all necessary modifications, attachments, etc. needed in order to make a newly acquired item of equipment functional for the purpose for which it was purchased or fabricated.

POLICY
Movable equipment is capitalized when the following criteria are met:

1. The unit cost of each item is $2,500 or more.
2. It has a useful life of more than one year.
3. The item is not expendable in nature or the item is non-recoverable once used.

Interchangeable components purchased as one system, will be individually capitalized if the first cost for each component can be identified as being over $2,500 and each item is a stand-alone unit. Otherwise, the system will be capitalized as one piece of equipment.

The Property Accounting section of the Controller's Office reviews purchase orders of $2,500 or more to ensure that the capitalization criteria is met and has the final decision in determining whether an item is capitalized or expensed.
PROCEDURES

Items of equipment costing $2,500 or more and with a useful life of more than one year will be recorded in the University's accounting system using the following object codes:

- 6103 purchased, and where title vests with the University.
- 6105 fabricated/assembled by the University, and where title vests with the University (see policy B041)
- 6106 software design, development and implementation costs where title vests with the University
- 6810 purchased, and where title does not vest with the University (mainly used for some sponsored accounts where the sponsoring agency under its terms & conditions keeps title to the equipment, and agency accounts)
- 6811 fabricated/assembled by the University, and where title does not vest with the University (mainly used for some sponsored accounts where the sponsoring agency under its term and conditions keeps title to the equipment) (see policy B041)