PURPOSE:

To establish a policy and procedure for capitalization of movable equipment.

DEFINITIONS:

**Movable Equipment**: Furniture, equipment, or other tangible assets that are not part of the supporting structure of a building or permanently attached to a building.

**First Cost**: Includes all costs to purchase, install, or otherwise make a newly acquired item of equipment functional.

POLICY:

Movable equipment will be capitalized when the following criteria are met:

- the unit cost of each item is $2,500 or more
- the item has a useful life of more than one year; and
- the item cannot be expendable in nature or nonrecoverable 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 if 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 will review purchase orders of $2,500 or more to ensure the capitalization criteria are met and will have the final authority in determining whether an item will be capitalized or expensed.

PROCEDURES:

1. 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, university title
- 6105 confabricated, university title
- 6810 purchased, non-university title
- 6811 confabricated, non-university title

6810 & 6811 are mainly used for sponsored accounts with specific equipment terms and conditions.