
1106.02 PLANT ASSETS: DEFINITIONS – EQUIPMENT & OTHER

Effective: July, 2016
Revised: July, 2016
Last Reviewed: April, 2018
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To define capitalized equipment and other assets.

POLICY

EQUIPMENT:

Equipment to be capitalized refers to an item of non-expendable tangible personal property for which the University retains title, has a useful life of more than one year, and has a per item acquisition cost, prior to adding freight charges and taxes, as follows:

- a) \$100,000 or more when acquired using sponsored program funds or
- b) \$5,000 or more when acquired using all other funds

“Moveable equipment” refers to equipment which can be easily moved from one area to another.

“Fixed equipment” is equipment which is attached or permanently fastened to a building that cannot be removed without costly or extensive alterations to the building or area to which it is affixed.

EQUIPMENT IN PROCESS (EIP):

Costs incurred for fabricating non-expendable, tangible personal property that is not available elsewhere by physically combining or assembling modular components and/or materials into one identifiable unit are considered EIP until the equipment is completed and placed in service. Costs incurred for standard items that are altered or customized to make them usable on a project do not qualify as EIP.

Refer to Policy 1106.6 Plant Assets-Equipment in Process.

EQUIPMENT REPAIRS:

Equipment repair costs to be capitalized are those repairs or equipment replacement costs in excess of \$5,000 that is made to extend the useful life of equipment in excess of one year. Repairs made to return equipment to working condition are expensed as incurred.

SOFTWARE:

Individual items of software with an original acquisition cost of \$5,000 or more will be considered a capital asset. Software also includes major systems which are purchased from an outside vendor or internally developed by the University. Refer to 1106.7 Plant Assets – Internal Use Software Costs for more information on accounting for software purchased or developed for internal use.

RARE BOOKS, LIBRARY MATERIALS, & COLLECTIBLES:

Purchases of library materials, rare books, and artwork, museum, and other collectibles are recorded as expense in the period acquired. Please refer to Policy #2275 for the appropriate management and stewardship of rare books, artwork and museum and other collectible acquisitions.