

University Equipment Capitalization Policy

To be considered capital equipment for the University, the item must have an individual cost of \$5000 or more and have a useful life of one or more years, provided sufficient individuality and size exists to make control feasible.

Hospital and University equipment is accounted for separately. Therefore, the cost of a capital equipment item cannot be split between Hospital and non-Hospital account numbers.

Expenditures for capital equipment or major computer software must be charged to the proper sub codes 8908051 - 8908059 in the Oracle Accounting System.

For an accessory or component to be included in the original acquisition cost of a piece of equipment, it should be an attached or installed option, which as assembled is expected to operate as one unit for the remainder of its life. That rule-of-thumb, along with the inventoriability and practicality criteria, has produced certain standards, which the Equipment Accountant applies in making capitalization decisions on initial purchases. For example:

PC computer systems are generally capitalized as one unit, but will have one or more property numbers depending on how they are priced. If the system is ordered together on the same purchase order, all components of the system will be given one asset ID number, unless the item is external to the CPU case and it has an individual cost equal to or greater than the capitalization limit of \$5000. If individual items external to the CPU case meet the capitalization limit, these items will be tagged separately.

With centrifuges, the rotor and centrifuge are capitalized, but in certain instances, the two parts could be given separate property numbers for inventory purposes if each meets the capitalization test separately. Accessories such as buckets and adapters that are part of the original purchase of the centrifuge are included in the cost.

With incubators, the incubator, the CO2 valves, racks, platforms, and the temperature control are normally capitalized together as one item.

With microscopes, the entire microscope with all of its original components is normally capitalized as one equipment item.