

January 26, 2001

UTAH STATE UNIVERSITY
Equipment Capitalization Guidelines
Effective Date: July 1, 1996

POLICY

Effective 1 July 1996 the University's equipment capitalization threshold will be increased from \$500 to \$5,000. The term "equipment capitalization" means that the equipment will be recorded as a University asset for reporting purposes. This process allows for a more accurate presentation of the University's total asset value and provides a basis for developing the University's federally negotiated indirect cost rate. It is important to note that the equipment capitalization is a separate issue from the inventorying of equipment. All items of equipment with a value of \$1,000 or more will continue to be inventoried, as will certain items below that amount that require control.

PROCEDURE

The following account codes and definitions should be used to record equipment purchases:

<u>Banner</u>	<u>FRS</u>	
<u>Account</u>	<u>Subcode</u>	
713200	7370	<u>Small Tools and Equipment – Under \$1,000</u> Item of University property other than real property having a useful life of more than one year, which is movable, performs a distinct function, is not a component of some other item, and has an acquisition cost of under \$1,000. These items will not be capitalized but may be inventoried based on the mobility and need for control as determined by Risk Management Services or at the request of the department making the purchase.
713300	7380	<u>Tools and equipment - \$1,000 to \$4,999</u> Item of University property other than real property having a useful life of more than one year, which is movable, performs a distinct function, is not a component of some other item, and has an acquisition cost of \$1,000 to \$4,999. These items will be inventoried in the University's equipment inventory system. In addition, these items, when purchased on a service enterprise account, will be capitalized for depreciation purposes within the service enterprise.
772300	8500	<u>Equipment \$5,000 and over</u> Item of University property other than real property having a useful life of more than one year, which is movable, performs a distinct function is not a component of some other item and has an acquisition cost of \$5,000 or more. These items will be inventoried in the University's equipment inventory system. All purchases of these items will be capitalized in the University's financial record system. In addition, these items, when purchased on a service enterprise account, will be capitalized for depreciation purposes within the service enterprise.

Questions regarding equipment classification and recording should be directed to the accountant in the Controller's Office assigned to the specific department's accounts. ([Link to Accountant Duties](#))