

# Capital Equipment Purchasing Guidelines

Capital Equipment Purchasing Guidelines (\$5,000 or greater)

## Multiple funding sources

If multiple funding sources are being used to purchase a piece of equipment, it is best to use all indexes associated with the purchase of the equipment on the Requisition. The equipment will not be capitalized or depreciated in any of the funds. Each index that contributed to the purchase will show an expense for the agreed upon purchase amount of the equipment.

If the equipment will be used solely for a Service Enterprise to provide services, it can be purchased on different indexes, then capitalized and depreciated on the Service Enterprise fund. The depreciation expense for the total amount of the equipment will post to the Service Enterprise fund monthly. The depreciation expense can then be included in the rate that the Service Enterprise establishes to recover its costs. Equipment purchased on Federal contracts and grants, then used by the Service Enterprise to provide services will be capitalized and depreciated in the Service Enterprise, however Federal contracts and grants must be charged a reduced rate eliminating the depreciation charge for the Federally funded equipment.

## Contract or Grant funding for equipment

If equipment is budgeted for on contracts or grants it should be expensed on the contract or grant. The equipment should be used solely for the grant and the PI should have an understanding of what the agency expects to be done with the equipment when the contract or grant is closed. If the equipment is purchased with federal funds, no charges for equipment usage can be charged to any other federal grants. All associated expenses can be expensed on the contract or grant.

## Service Enterprise funding

Any equipment that costs \$5,000 or more that is purchased using Service Enterprise funding will be capitalized on the service account that was used to purchase the equipment. A depreciation charge, equal to the cost of the equipment divided by the useful life, will be charged monthly to the service account that purchased the equipment. The cost of providing the service, expenses plus the depreciation charge, is the amount that the service enterprise can charge to other accounts to recover its costs.

Any other questions regarding capital equipment purchases should be directed to the Equipment Management Services office at 7-1999

