

TIPS FOR PURCHASING CAPITAL ASSETS

CAPITAL EQUIPMENT DEFINITION

Equipment includes items which are not considered an integral part of a university building, are non-expendable, do not lose their identity through incorporation into a more complex unit, have a useful life of more than a year, and have an acquisition cost of \$10,000 or more (\$5,000 for sponsor funding or any split-funding involving sponsor funding, or another threshold if set by a contract, grant, or agreement). An item is non-expendable if it is characteristically restored to service by replacement of lost, worn or damaged parts.

Software. Purchased software includes any acquisition of packaged software or individual licenses to use software for use greater than one year and with a fair market value of \$10,000 or more (\$5,000 for sponsor funding or any split-funding involving sponsor funding, or another threshold if set by a contract, grant, or agreement). Internally Developed Software threshold is \$50,000 or more. Software must be considered stand-alone to use the software capitalization object code and software asset type code. If loaded into equipment being purchased, it is capitalized using the equipment object code and equipment asset type code. GASB 96 now requires tracking for Subscription-Based IT Arrangements (SBITA) for terms longer than 12 months with a total liability of \$50,000 or more. Contact Property Management with questions regarding software purchases.

Betterments/Upgrades. An expenditure that significantly extends the useful life of an asset or anything that modifies, enhances, attaches to, or upgrades a current piece of equipment. This is not a repair/replacement (like-for-like) part. The cost must be \$1,000 or more when upgrading assets purchased in the current fiscal year and must be \$10,000 or more (\$5,000 for sponsor funding or any split-funding involving sponsor funding, or another threshold if set by a contract, grant, or agreement) when upgrading assets purchased in prior fiscal years.

The acquired value of a university purchased item of non-expendable personal property should be recorded as the net invoice unit price of the property including any cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose of which it was acquired, plus and allowable service costs (see below), less any discounts and/or trade-in allowances.

OTHER COSTS CAPITALIZED WITH EQUIPMENT PURCHASES:

1. Cost of assembling the asset
2. Cost of installation
3. Freight/Shipping
4. In-transit insurance
5. Preparing the site and asset for its intended use

If these other costs put the value of the asset at or above the capitalization threshold, use a capital object code. If there is a trade-in allowance, the book value of the asset being traded-in will be used in calculating the acquired asset value. Property Management will do any necessary trade-in accounting entries.

Examples (Assume no sponsor funding involved):

TRADE-IN: If a trade-in allowance puts the amount paid to the vendor under \$10,000, but the book value of the asset being traded-in will bring the value over \$10,000, use a capital object code. e.g., Asset value \$11,000, trade-in allowance \$2,000, PO is for \$9,000. Book value of trade-in is \$1,500, use a capital object code. Property Management will create an entry to add the \$1,500 to the new asset for a total asset value of \$10,500.

ACCESSORIES: If purchasing an asset with accessories, if the cost of the asset plus accessories puts the acquisition value at \$10,000 or more, use a capital object code. e.g., A Microscope base costs \$8,000, the Lens costs \$1,000, and the Camera costs \$1,750, the total asset value equals \$10,750.

SERVICE COSTS: If purchasing an asset with a listed capital service cost puts the value at \$10,000 or more, use a capital object code. e.g., A Golf Cart costs \$9,800 and shipping costs \$500, the total asset value equals \$10,300.

BETTERMENT/UPGRADES: If purchasing a replacement part that will perform additional functions than the original part and will be used on an asset purchased in the same Fiscal year, if it is over \$1,000, use a capital object code. If it is under \$10,000 and will be used on an asset purchased in a prior FY, use an expense object code. e.g., A \$2,000 copier scanner that can scan faster than the

original scanner is purchased to replace the original scanner, if purchased in the same fiscal year as the original asset, use a capital object code. If purchased in a different year than the original asset, use an expense object code.

SOFTWARE: If purchasing a computer for \$22,000 and the software for the computer costs \$12,000 and is loaded into the computer, it will be capitalized as one asset using the equipment capital object code and the equipment asset type code for the computer, for a total asset value of \$34,000. Per GASB 96, if purchasing a multi-year license for \$60,000 for a term longer than 12 months with substantial control over how the software is used, use object code 8416.

COSTS THAT ARE NOT CAPITALIZED (REGARDLESS OF COST):

1. Repair or replacement parts (use object code 6202)
2. An item or substance that has no shape or identity, or loses that shape or identify upon detachment or removal from its original location (i.e. consumables, materials)
3. Maintenance and Warranty agreements (use object codes 6602 or 6601)
4. Training (use object code 6601)
5. Software paid for annually* or the cost per license does not meet capital criteria. Developed software under \$50,000.

*Confirm that it does not meet GASB 96 requirements.

Examples (Assume no sponsor funding involved):

CONSUMABLES: If purchasing an item that will not have a useful life of at least one year or is consumed and replaced frequently (e.g., toner, gasoline, reagents), use an expense object code.

MATERIALS: If purchasing 15 fence panels at \$1,000 each to create a \$15,000 fence; because the panels will lose their identity as a fence upon removal, use an expense object code.

SERVICES: If purchasing a Centrifuge for \$15,500 that includes a one-year warranty in the cost (where the warranty cost unknown), you would use a capital object code for the centrifuge. However, if purchasing a Centrifuge for \$14,000 and the warranty is listed separately on the quote as \$1,500, you would only capitalize the centrifuge and use an expense object code for the warranty.

SOFTWARE: If purchasing a five-year software licensing agreement for \$15,000, but submitting an annual requisition for \$3,000 each year, use an expense object code (6225). Or, if purchasing a software package for \$16,000, but the cost is for two licenses at \$8,000 each, use an expense object code (6225).

COMPLETING REQUISITIONS

When entering line items, line item the requisition out to match the quote. Avoid totaling multiple lines with dollar amounts listed next to them on the quote into one lump sum on the requisition. Contact Procurement or use the template if you have an excessive amount of line items. If you have a lump sum discount, contact Procurement to help you line item your requisition. If you are using shop catalog, the quote should be uploaded from the shop catalog site and not manually entered the requisition. Contact Procurement with any questions regarding uploading shop catalog quotes.

CAPITAL ASSET TAB

Capital Asset System type (used to explain how line items are to be combined for capitalization):

Individual Assets: Requisition line items can contain both capital and expense object codes and be of any value. When selecting Individual Assets, line items will not be combined in any manner. Capital object codes are only used on the line items that meet capital criteria as stand-alone assets. When using a quantity of 2 or more, each unit cost (not the total line-item cost) must meet the capitalization threshold on its own basis and the quantity ordered will determine the number of identical assets created for that line item. If there is a service cost (i.e., shipping, installation, etc.) or accessory that should be allocated or added to the individual line items, do not use Individual Assets.

One System: Requisition lines can contain both capital and expense object codes and be of any value. When selecting One System, all requisition line items using capital object codes are combined to create one system asset or identical system assets. The quantity

of assets needs to be entered and the cost of each system asset (if more than one) needs to meet the capitalization threshold on its own basis and the total cost should be identical for each asset created.

Multiple Assets: Requisition lines can contain both capital and expense object codes and be of any value. When selecting Multiple Assets, it is extremely important to use the note text to explain how the line items are to be combined to create assets. Combined lines that create an asset must meet the capitalization threshold. The quantity of assets needs to be noted in the Capital Asset Note Text and each asset's description must be provided in the Capital Asset System Description. Manufacturer, Model, Asset Type Code, etc. are not entered when Multiple Assets is selected since these items can vary per asset.

Capital Asset System State:

New System: Use this for new equipment being purchased.

Modify Existing: Use this when adding-to or upgrading an existing active asset in Kualu.

Capital Asset Note Text: Use this section to describe the way the lines should go together to form the asset(s). This is important because it lets the asset creator know what line items go together and how many assets need to be created and should coincide with the Capital Asset System Type that was selected. Example: Combine lines 1-4 to make one asset, line 5 is a separate asset, line 6 & 7 make one asset, etc. NOTE: Also, use the Capital Asset Note Text to list cross-referenced other documents.

Capital Asset System Description: This section identifies the asset(s) you are purchasing. You can also use this description to find the Asset Type Code. For example, you may have: Asset 1 is a washer, Asset 2 is a dryer; or Asset 1 is a camera with a lens, Asset 2 is a telescope; or Asset 1 is a camera with a lens and case.

OBJECT CODES

HOW TO DETERMINE WHICH OBJECT CODE TO USE:

Several factors influence the object code. You will need to know the Fund Source Code, Title (if using sponsor funding), Asset Type Code, and take into consideration the Type of Funding (53, 77, etc.). Do not mix Federal Title with Sponsor Title.

LOOKING UP THE FUND SOURCE CODE ON AN ACCOUNT:

In any document you are creating, you can click on the account number; this will bring up the Account Inquiry Screen. There are several tabs on this screen; scroll down to the Central Administration Tab. There will be a Fund Source Code with a number listed next to it (you may click on the number to reveal the fund source description), this is the Fund Source Code.

ASSET TYPE CODE:

Capital Equipment Asset Type Codes end in the following letters: SI (Scientific Instruments-includes drones, etc.); OF (Office Equipment-furniture, etc.); IS (Info Systems-computer hardware, etc.); ME (Machinery-farm/ground, tractors, shop/maintenance, Kitchen + Household appliances, etc.); RE (Recreation Equipment-includes ATV's, Utility Vehicles, Golf Carts, etc.); VH (Vehicles-Buses, Trucks, Vans, Automobiles and Motorcycles only); VH* (*Other Vehicles- includes watercraft, aircraft, trailers, and snowmobiles; SW** (**Stand-alone Software only, if software is loaded into the equipment, use the equipment object code); and AH (Art/Museum Objects). If you are unable to locate the Asset Type Code, try searching with a wild card (*) on both sides of a portion of the word (e.g., *micro* for microscope). The default code is 78225SI, "Scientific Instruments,Various" if you cannot find a specific asset type code. The Asset Type Code is used to determine the Depreciable Life Limit of an asset.

LOOKING UP TITLE FOR SPONSOR/FEDERAL FUNDING

The title is found in the RPS Report that the Office of Sponsored Programs (OSP) manages. From the CSU home page, click on "Resources", click on "Administrative Applications and Resources (AAR)", Click on "Research", click on "Research Project status (RPS)" (Note: you may need to log in), then enter the 53 fund and click on "Submit". Once Account Details are returned, scroll to "Property Title" and click on "See Terms", then look for Property Terms to find the title. Note: Sponsored Program's RPS Reports are NOT updated with the new Kualu object codes and may or may not list the correct object code, so only look at the Title Description, not the object code listed.

CONDITIONAL EQUIPMENT:

For object code purposes, treat Conditional title as you would CSU title.

21 FUNDS

Please use the Object Codes below:

8210 – Recharge Equipment

8250 – Recharge Vehicle

8260 – Recharge Software

NOTE: No split funding 21 fund equipment purchases, and you must obtain an EAR number (approval) for 21 fund capital purchases.

CAPITAL EQUIPMENT OBJECT CODE CHEAT SHEET:

DECAL #	FUNDING/TITLE	FUND SOURCE CODES	ASSET TYPE CODES/NOTES	OBJECT CODE
3	CSU FUNDED EQUIP/CSU TITLE	11, 61, 71	SI, OF, IS, ME, RE, VH* (ATV'S, WATERCRAFT, TRAILERS, ETC)	8210
3	CSU FUNDED VEHICLE/CSU TITLE	11, 61, 71	VH (CARS, TRUCKS, VANS ,BUSES, AND MOTORCYCLES ONLY)	8250
3	CSU FUNDED SOFTWARE/CSU TITLE	11, 61, 71	SW (STAND-ALONE/>\$5K/CSU OWNS LICENSE)	8260
7	CSU FUNDED ART MUSEUM OBJECTS/CSU TITLE	11, 61, 71	AH (NON DEPRECIATING)	8280
3	(53/Other) SPON FUNDED/CSU TITLE	21, 31, 33, 35	SI, OF, IS, ME, RE, VH* (ATV'S, WATERCRAFT, TRAILERS, ETC)	8230
5	(53) SPON FUNDED/SPONSOR TITLE	21, 22, 31, 32, 33, 34, 35	ALL INCLUSIVE EQUIP TYPES, NO SPLIT FUNDING	8235
3	(53/Other) FED FUNDED/CSU TITLE	22, 32, 34, 41 ,51	SI, OF, IS, ME, RE, VH* (ATV'S, WATERCRAFT, TRAILERS, ETC)	8240
6	(53) FED FUNDED/FEDERAL TITLE	22, 32, 34, 41, 51	ALL INCLUSIVE EQUIP TYPES, NO SPLIT FUNDING	8245
3	(53/Other) FED FUNDED VEHICLES/CSU TITLE	22, 32, 34, 41, 51	VH (CARS, TRUCKS, VANS, BUSES, AND MOTORCYCLES ONLY)	8255
3	(53/Other) FED FUNDED SOFTWARE/CSU TITLE	22, 32, 34, 41, 51	SW (STAND-ALONE/>\$5K/CSU OWNS LICENSE)	8265
3	(99/Other) COUNTY EXT SHARED COST	61, 71	MOST 99 ACCOUNTS, 4XXX ORG CODE	6210
3	(77) CSU FUNDED EQUIP/CSU TITLE	11, 61, 71	SI, OF, IS, ME, RE, VH*(ATV'S, WATERCRAFT, TRAILERS, ETC)	8910
3	(77) CSU FUNDED VEHICLE/CSU TITLE	11, 61, 71	VH (CARS, TRUCKS, VANS, BUSES, AND MOTORCYCLES ONLY)	8915
3	(77) CSU FUNDED SOFTWARE/CSU TITLE	11, 61, 71	SW (STAND-ALONE/>\$5K/CSU OWNS LICENSE)	8930
7	(77) CSU FUNDED ART MUSEUM OBJECTS/CSU TITLE	11, 61, 71	AH (NON DEPRECIATING)	8900

NOTE: 8210 may be mixed with capital 53 fund object codes. Do not mix capital object codes with service object codes on the same line item.

LEASE PAYMENT OBJECT CODES BY FUNDING AND TYPE OF EQUIPMENT:

8300	FURNITURE/FIXTURE/LA/LP/CSU TITLE	LEASE PAYMENT FURNITURE
8310	OTHER CAP EQUIP/LA/LP/CSU TITLE	LEASE PAYMENT OTHER CAP EQUIP
8320	OTHER REAL PROP/LP/CSU TITLE	LEASE PAYMENT OTHER REAL PROP
8920	(77) FURNITURE/FIXTURE/LA/LP/CSU TITLE	CONSTRUCTION LEASE PAYMENT FURNITURE
8925	(77) OTHER CAP EQUIP/LA/LP/CSU TITLE	CONSTRUCTION LEASE PAYMENT OTHER CAP EQUIP
8416	SUBSCRIPTION-BASED IT ARRANGEMENTS	GASB 96 (SBITA) LEASE PAYMENT

RIGHT TO USE (RTU) OBJECT CODES:

8410	RTU EQUIP LEASE PAYMENT	GASB 86 EQUIP PAYMENT
8411	RTU VEHICLE EQUIP LEASE PAYMENT	GASB 86 VEHICLE EQUIP PAYMENT
8414	RTU BUILDING LEASE PAYMENT	GASB 86 BLDG LEASE PAYMENT
8415	RTU LAND LEASE PAYMENT	GASB 86 LAND LEASE PAYMENT

WHAT TO DO IF YOUR DOCUMENT IS DISAPPROVED

You will receive the document back into your action list. Write down the document number. Go into the document and scroll to the bottom and click on “acknowledge”. Once you acknowledge the document, you will need to do a doc search and locate it again. Go into the document and at the bottom, click on “copy”. This will transfer most of the information into a new document (so you don’t have to retype the whole document). You will need to reattach any notes/attachments that you had in the previous document. If you have multiple lines with several accounts, there is a “remove accounts from all items” button. Once cleared, you can use the “setup distribution” button again versus going into each line and adjusting each object code separately. After you have completed the required new information (which may include completing the Capital Asset Tab) and you have reattached your notes and attachments, hit the submit button and it will route through again. You can always call for assistance in recreating the document or completing the required information. Note: Shop catalog docs will not allow the “copy” feature.

TRANSFERRING EQUIPMENT TO SURPLUS PROPERTY

The Surplus Department Organization Number is **6026**. Use an Asset Edit document in CAM to surplus active capital equipment. Select “edit” from the asset actions next to the asset number; complete the Description, change the Organization Owner Account Number to 2288400 (default for surplus) and submit your document. For all inactive Kuali assets or non-capital assets, complete the electronic EACR to transfer equipment to surplus.

OTHER DISPOSAL METHODS

To avoid unauthorized disposals or improper disposals, contact Property Management for assistance. There is also an Asset Retirement/Disposal Form on Property Management’s website that lists all disposal methods and instructions for each. Departments should not negotiate the sale of any equipment without contacting Surplus Property for assistance.

Vendor Removals need prior authorization. Use the Asset Retirement Disposal Form (page 2) to obtain prior authorization before releasing any equipment.

Trade-Ins need prior authorization. Use the Asset Retirement Disposal Form (page 2) to obtain prior authorization before releasing any equipment.

External Transfers need prior authorization. Use the Asset Retirement Disposal Form (page 2) to obtain prior authorization before transferring any equipment.

Non-Monetary Exchanges need prior authorization. Use the Non-Monetary Exchange Form to obtain prior authorization before releasing any equipment.

Warranty Exchanges. Contact your Property Management Inventory Specialist for assistance.

INCOMING EQUIPMENT

Loaned Equipment, Transferred-In Equipment, Direct Donations and Gift-In-Kind all need to be reported. All Gift-In-Kind donations are required to go through Development and Advancement Information Services. Contact Advancement at 970-491-3416. For all other incoming equipment, complete the Incoming Property Declaration Form found on Property Management’s webpage.

FINAL NOTE

Remember the Asset Number is NOT the Decal Number. You can look up the decal number by pressing the magnifying glass icon next to the asset number. This takes you to the Asset Lookup screen. Type the decal number in the tag number field and press ‘search’ to get the asset number for the item. Press ‘return value’ to populate your document. Please feel free to call Property Management if you have questions.