

## Guidelines for Recording Equipment Purchases

The threshold for capitalization of equipment purchases increased in FY 2006 to \$5,000 from \$2,000; reclassifications were completed by fixed asset staff. For FY 2007 departmental staff should determine equipment object codes based on the following guidelines.

- Object Code 71250 – all equipment items or systems (group of items working together), purchased for the amount \$5,000 or more, should be capitalized. Costs of freight/shipping, installation and training should be included with the equipment item in determining its threshold amount.
- Object Code 63150 – to be used for electronic equipment costing between \$500 and \$4,999, items such as computers, electronics, AV, scientific and musical instruments should be charged to this object code. Additional costs of shipping, installation and training should be included.
- Object Code 63110 – to be used for non-capitalized equipment purchases less than \$5,000 that do not qualify as electronic equipment (per above). Additional costs of shipping, installation and training should be included.

### **Examples:**

Example A: Dept. X purchases a new copier. The invoice cost is \$4,600 and delivery is charged at additional \$200. An electrician was called to update the power outlet required for the new copier at a cost of \$150. The copier vendor charged \$150 to train departmental personnel to use the copier. Total cost of the capitalized copier is \$5,100 so all items should use object code 71250.

Example B: Dept. Y purchases a new projector for \$1,800. A ceiling mount that cost \$100 was also purchased. Both of these invoices would be charged to expense object code 63150.

Example C: Dept Z purchases a storage shed to store athletic equipment. The constructed cost of the shed is \$2,400. This invoice would be charged to object code 63110.