

Capital Assets & Equipment

Standard Operating Procedures for UCCS

UCCS Property Accounting Staff

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Capital Equipment\Asset Compliance

The objective of this manual is to provide for optimum utilization, maintenance, control, safeguard, and reporting of assets at the University of Colorado Colorado Springs (“UCCS” or “the University”). Compliance with the guidelines and procedures in this manual will enable the University to provide reasonable assurance that assets are safeguarded and accounted for during acquisition, inventory, and disposal. In addition, the guidelines allow for proper stewardship of University property as required in Regent Policy 8.A.5. which states:

“The University is committed to responsible stewardship of university resources, and members of the university community are expected to ensure that university property, funds, and technology are used appropriately. These responsibilities include using university property, equipment, assets, and resources only for legitimate university purposes; promoting efficient operations; following sound financial practices; and engaging in appropriate accounting and monitoring.” The full Regent policy can be read by clicking the following link: [Policy 8 - Conduct of Members of the University Community](#).

In compliance with applicable State, Federal, and University Regent laws, policies, and regulations (see Regulations and Requirements), this manual sets forth capital asset guidelines and procedures for effective property control, management, and reporting consistent with Governmental Accounting Standards Board (GASB). It applies primarily to capital assets and non-capital controlled assets owned by the University and/or the government.

The University has control over all equipment owned or in their possession. Each department chair, director, principal investigator (PI), department lab manager (DLM), and fiscal manager is responsible for the use, maintenance, and safe keeping of all equipment (both University and federally owned) controlled by their department. It is the responsibility of each Dean, Chair, or Director to designate an individual to verify and maintain control of capital equipment. It is the designated individual’s responsibility to coordinate with the UCCS Property Accountant (PA) to complete the biennial inventory. Due to health and safety concerns the inventory completion may be delayed until it is safe to resume.

Certain **asset retirement obligations** (AROs) are required to be reported per GASB Statement 83 ([GASB Summary Statement 83](#)). Existing laws and regulations require the University to take specific actions to retire certain tangible capital assets, for example the decommissioning of nuclear reactors, removal and disposal of wind turbines in wind farms, dismantling and removal of sewage treatment plants, and removal and disposal of x-ray machines. The statement requires a reasonable estimate of cost attributable to retiring, decommissioning, dismantling and removing an asset or the disposal of replacement parts. This estimate shall be evaluated by the Controller’s Office annually, at year end, for any change in the estimated cost of the AROs. In addition, the statement requires disclosure of how the funding and assurance requirements are being met before the asset is placed into operation. Follow the link for more information regarding AROs [GASB Statement 83](#).

A capital asset is property with a useful life greater than one year and with an acquisition cost exceeding a defined threshold established per the University Procedural Statement on Capital Assets. Capital assets may be acquired as new or used, donated, transferred-in, or received via a trade-in. Capital assets are categorized as land, improvements to land, buildings, leasehold improvements, equipment, library books, software, and various other items.

Equipment records are required by State, Federal, and other agencies. In addition, they are required for financial reporting, insurance, budget, equipment control, and utilization purposes. PeopleSoft Asset Management (PSAM) maintains equipment records for equipment owned and/or controlled by the University. The following items must be maintained and updated on a timely basis in PSAM:

- Federally owned equipment

- University capital equipment
- University owned capital software
- Library holdings
- Art/film collections
- Non-capital-controlled equipment, if required by the granting agency or the University

PSAM is maintained through biennial inventory updates, periodic adjustments as changes occur, and monthly additions due to new acquisitions. Departments are required to complete a biennial inventory with the PA. Spot checks and periodic verification of the inventory may be completed by any of the following persons: department staff, PA, independent third party, including internal auditors, as needed, to maintain the integrity of the University equipment records.

Regardless of how equipment is funded or acquired, title to all property rests with the University or sponsoring agency, rather than with a department or person. This includes equipment received as a gift or donation; acquired as government surplus; or purchased from departmental or research budgets, special appropriations, or allocations. With the exceptions of federally owned and leased equipment, all capital equipment, and non-capital controlled equipment requires a physical UCCS ID tag with tag number and an asset ID number within PSAM.

Regulations and Requirements

The University is required to maintain up-to-date equipment records due to the following regulations and requirements:

- OMB Uniform Guidance (2014) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Federal Acquisition Regulation (FAR) Part 45
- GABS 83 Asset retirement obligations (AROs)
- State of Colorado Standard #5
- State of Colorado Fiscal Procedures Manual Chapter 9: Section 1
- University of Colorado, Fiscal Procedures 1-6: Accountability and Capitalization of Equipment (See Appendix for links to regulations)

Responsibilities

Maintaining the accuracy of equipment records requires interdepartmental cooperation and shared efforts among the following:

- The **Chair** or **Director** of each University department shall be the official person, responsible for the use, care, and control of both University and federally owned equipment acquired by their department.
- Each **department head** is responsible for designating an individual to their area in order to verify and maintain control of equipment within the department, usually they are referred to as the Departmental Lab Manager (DLM).
- **DLMs** are the individuals designated to verify and maintain control of equipment within academic and administrative units. Their responsibilities are the following:

- Ensure capital and non-capital controlled equipment have a UCCS property control identification tag within a reasonable time after receipt of the item. It is understood that unusual circumstances may arise and due to health and safety concerns, tagging may be delayed during these times.
 - Process equipment purchases, transfers, and dispositions in accordance with these guidelines and procedures.
 - Reconcile equipment in their units to the primary inventory report and complete the biennial physical inventory with the Property Accountant (PA), timely.
 - Obtain approval from Office of Sponsored Programs and Research Integrity (OSPRI) prior to any disposition of University owned equipment acquired with Federal\Government funding.
 - Track all maintenance and repairs for Federal titled equipment.
- **University employees** are responsible for the safekeeping, care, and maintenance of University equipment in their control, notify the PA when equipment is received, moved, or dispositioned.
- The **PA**, under the University Controller's Office, has been delegated authority of accounting controls and capital equipment management for all capital equipment owned by, or under the control of, the University. The responsibilities of this position are the following:
 - Assign UCCS ID tag numbers and create a record for each newly acquired equipment through the University procurement process or received as a donation. This equipment includes all capital equipment and, if required by the sponsoring agency or the University, non-capital controlled equipment.
 - Ensure capital and non-capital-controlled equipment is affixed with a UCCS property control identification tag within a reasonable time after the item is posted to the general ledger. It is understood that under unusual circumstances which may arise due to health and safety concerns, tagging may be delayed.
 - Update PSAM with property transactions, ensuring each entry is prepared in accordance with existing guidelines and procedures.
 - Generate reports for DLMs to conduct an inventory review.
 - Schedule meetings to conduct the biennial physical inventory with DLMs.
 - Provide instruction and training workshops on property management.
 - Coordinate with the Materials, Acquisition, and Distribution Team (MAD) regarding capital equipment dispositions, and the Office of Sponsored Programs and Research Integrity (OSPRI), when dispositioning Federal equipment.

Refer to [UCCS Controller's Office Contacts](#) for the Property Accountant's contact information.

- The **Grants/Sponsored Programs Department** is responsible for overseeing and reporting uses of grant funds in accordance with the requirements of the sponsoring agency. The responsibilities include:
 - Ensuring that purchase requests for capital equipment are coded with the proper account codes and notifying the PA of all capital equipment purchases.
 - Verify with who title vests for capital assets.
- The **MAD Team** is responsible for the management of equipment disposition. This includes equipment acquired with grant funds with the approval of OSPRI.

Purchase of Surplus Property by University of Colorado Employees

University employees are welcome to purchase surplus equipment directly from the public auctions or sales sponsored by CU. University employees are also welcomed to participate in CU Boulder sales, live auctions, and online auctions through websites such as www.govdeals.com, www.labx.com, and www.publicsurplus.com which may sell University equipment.

It is important to note that a department:

- Cannot give or sell property to faculty or staff. The University holds auctions to provide equal opportunity to purchase property.
- Cannot give or sell directly to a company (non-profit or for profit), person, or charity. (see above).
- Cannot allow a transferring Principal Investigator (PI) to take property without permission from the University. Legally, the University transfers property to the receiving institution, not the PI. Transferring property purchased with grant funds must work with OSPRI and the PA.

Art & Museum Procurements

Art and museum pieces are non-depreciable assets to the University. Art and museum pieces shall be capitalized if the value is \$5,000 or greater. If a collection of items is greater than \$5,000 then it will be capitalized as a collection. If donated, follow the gift-in-kind (GIK) procedures established by the Office of the University Controller (OUC), [OUC GIK Procedural Statement](#). It is important to note, GIK art is University property and does not belong to any one person or department. NOTE: A CU ID tag will not be affixed to any art as it might decrease the value of the art.

Deaccession of Art and Museum Pieces

Works of art may be dispositioned from the University collection upon the recommendation of the Campus Collections Committee and in accordance with the Collection Policy and Procedures. While selective deaccession is an important part of collection maintenance, care should be taken to error on the side of inclusion, rather than exclusion, when making a decision on an individual piece in the collection. Permanent disposition of deaccessioned pieces from the collection shall be done in a public, ethical, and legal manner. Funds received from the sale of any deaccessioned pieces will be used solely for the accession and care of works of art. Procedures for such practices are necessary to maintain the strength of the Collection and to manage maintenance cost. The following is an example of a common reason for deaccessioning: a museum has limited space and wishes to auction off a collection that is rarely displayed. Methods of deaccession include: 1) returning a piece to the original donor or their family or 2) donating it to another non-profit or government institution.

Listing of account codes for capital art and museum:

- 810402 – Art & Non-Depreciable Collections (asset account)
- 240604 – Revenue-Private Gifts-Art & History-Other (revenue account)

Please see the UCCS Campus Policy: [UCCS Art Collection 100-012](#) for more information.

Moveable Equipment Acquisitions

The term "Asset" includes equipment, office equipment, machinery, furniture and fixtures, factory equipment and similar assets that are movable without significant de-installation. An asset must meet **all three** specific criteria to qualify as a capital purchase. It must have:

1. A cost equal to or greater than \$5,000 including acquisition costs.
2. A useful life expectancy greater than one year.

3. Not be permanently affixed to a building or other object in such a way as to lose its unique identity, if removed.

Upgrades

Expenditures incurred to upgrade an asset are capitalized when any **one** of the criteria listed below is met:

- A substantial increase in the functionality of the equipment which allows it to function or perform tasks it was previously incapable of performing.
- A substantial increase in the efficiency of the equipment, that is, an increase in the level of service provided by the equipment without the ability to perform additional tasks.
- An extension of the estimated useful life of the equipment.

Acquisition Costs of Equipment includes

Expenditures incurred to acquire an asset which can be capitalized include:

- The cost of assembling the asset
- Cost of installation
- Freight
- In-transit insurance
- Preparing the site and asset for its intended use
- Training

Non-Capital Expenditures

The following expenditures are not capitalized, regardless of cost or useful life:

- Repairs and maintenance, including replacement parts
- Maintenance and warranty agreements

Trade-In (Tagged Asset)

The trade-in value of a tagged asset (capital asset) will be treated as a non-cash payment on the purchase of the new asset. The asset being traded-in will be disposed of by removing the cost and accumulated depreciation from the general ledger (GL) via PSAM, any remaining book value will be recorded as a loss in account 970300 (Disposal of Plant Facilities) within the Investment in Plant SpeedType. After the department and the purchasing department have determined that the asset will be traded in and the asset has been picked up by the vendor, the organization will need to submit an Inventory Adjustment form, located on the [UCCS Controller's web site](#), to the PA for the asset that was traded in. It is the department's responsibility to verify that they receive the trade-in credit from the vendor.

When submitting the Inventory Adjustment form, the box labeled other should be marked and trade-in written below in the details section. A note should be included referencing the purchase order for the new asset.

- PSAM will code entry to 090400 (Equip >= \$5000) and 355200 (Additions to Plant).
- PA will decide if a manual JE is needed to move the cost in 355200 to 970300 (Disposal of Plant Facilities), offsetting any gain or loss from the trade-in. (Another account to consider is 325505 - Trade ins of Property).

Trade-In (Non-Tagged Asset)

A trade-in of a non-capital, non-tagged asset will be treated as a non-cash payment on the purchase as a credit. It is the department's responsibility to verify that they receive the trade-in credit from the vendor.

Equipment Fabrications or Assemblies

Under certain circumstances, purchases of components may be capitalized together as a single asset, referred to hereafter as fabricated assets. Fabricated assets are recorded using account code 810700 (Fabricated Equipment Components) or 810800 (Federal Fabricated Equipment Components), explained later. Fabricated assets are defined as components that work together to perform one function. Each component is necessary for the system to function properly. Components should be designed to remain in one position in the fabrication and permanently integrated. They are not to be removed and replaced throughout the useful life of the fabrication. Removal of any one component would result in the system not operating at the required capacity or for its intended purpose.

Materials, supplies, and direct labor used in the construction of an asset should be capitalized as part of the fabrication. Direct labor for fabrications is defined as all hands-on assembly labor of the fabricated equipment, plus the direct supervision of that hands-on labor. Labor associated with research and the design of a fabricated asset should be expensed. In addition, labor costs that are impossible or impractical to trace to a specific fabrication should be expensed. The fabricated asset will remain as construction in progress (CIP) until the PA is notified that the asset is substantially complete and ready for its intended purpose. When the fabrication is complete the organization will inform the PA, so an asset tag may be issued. At that time the asset will begin to depreciate.

The PA will create a JE in order to clear out CIP-Equipment and move the final cost from the Fabrication account code to the capital asset account code.

Along with direct labor cost, travel cost directly related to the fabrication may be added. Charges necessary to bring the fabricated asset to its intended location and condition for use are also included, such as freight, handling, site preparation costs, installation, training, assembly labor, along with professional fees. If grant funded, verify allowable cost written in the provisions of the grant.

The department should regularly review expenditures on the award and with the fabrication to ensure all charges applied to the fabrication are appropriate and consistent with University policies. Annually the PA will request that organizations review the status of active fabrications. This review is to ensure that fabrications completed during the year are closed and processed before the fiscal year end. Review begins May 1st of each fiscal year.

The term fabrication is not synonymous with a project nor should a fabrication extend for the life of a project. For example, a grant may be given to a researcher for completing a specific project that will require that several capital assets be fabricated.

If it is a contract-deliverable item, it must be completed in time to meet the delivery schedule as outlined in the provisions of the grant. The purchase of supplies and materials are to be recorded in account code 810700 (Fabricated Equipment Components) and 810800 (Federal Fabricated Equipment Components). Once the fabricated deliverable is completed all cost will be the responsibility of the PI's unit to move to the appropriate expense account code and will not be capitalized. This may cause GAR or F&A to be calculated on the expenses.

Materials and supplies that are necessary for the construction or testing of the fabrication but are not integrated as final components of the fabricated unit must be expensed as supplies and are non-capital costs. Examples of non-capital cost would be fuels, gasses, or compressed air.

An equipment fabrication must meet **all** of the following criteria before a Fabrication Tag Number will be issued:

- Be a benefit for the University to fabricate rather than purchase directly from a vendor. The aggregate cost of materials, supplies, and components must be \$5,000 or greater and is included as part of the acquisition cost for the completed asset.
- Upon completion, have a useful life of more than one year; two years if on a NASA contract.
- Labor can be a part of the fabrication costs if the labor is exclusive to the fabrication.
- The fabricated asset remains in UCCS's possession.

Fabricated Equipment may be distinguished by one of the following characteristics:

- **Original Development:** The fabrication creates a one-of-a-kind piece of equipment that is designed, built, and/or assembled from individual parts.
- **Original Components:** The original components are not similar to the finished equipment and should be attached to, or internal to the finished equipment. The original components should not have the ability to operate independently of the fabricated asset.

Electronic Systems

To qualify as an electronic system the asset should meet the following conditions:

- **Physical Attachment:** The components are connected in a manner of dependency greater than a cable or wired connection. The term "piggyback" may be applicable to describe the situation. Ultimately, if the only means of attachment is a cable, it is recommended the components be treated as individual assets.
- **Lack of Interchangeability:** The components cannot be disconnected from the system and used in another system.

The physical inventory should be a consideration when combining components to create system assets. For components over the \$5,000 threshold, the PA recommends these items to be treated as individual assets. This is more efficient and effective for physical inventory inspection.

Account codes to be used for capital expenditures related to the fabrication of equipment are 810700 (Fabricated Equipment Components) and 810800 (Federal Fabricated Equipment Components).

Capital Equipment Gifts and Transfers to University

Gift-in-Kind

Gift-in-Kind (GIK) arises when the University receives non-monetary gifts, including art, books, manuscripts, antiques, collections, equipment, software, or intellectual property (e.g., patents) to be used in operations.

If your department receives an offer of a gift in kind, consult the Accounting Handbook to check for compliance with University policy before accepting the gift or making any commitments. Direct any questions to the [CU Office of Gift Planning](#). Once an asset is accepted Advancement Office will send copies of the final GIK form to the benefiting department and the Campus Controller's Office. If the value of the GIK item is greater than \$5,000 a CU ID tag will be issued.

Remember, GIK assets are University property and do not belong to any one person or department.

Transfer-in

A transfer-in of a capital asset is when an asset is received from an external organization or government surplus. Transfers to the University must be accepted by the department and the PA, with additional acceptance from OSPRI, when the asset is tied to an award. (See “Government Furnished Property” below.) Copies of the original documentation for the transfer-in must be turned into the PA, noting the fair market value (FMV). If provided, the asset will be recorded at the current FMV. If this information cannot be obtained, the receiving department will reasonably estimate the FMV and remaining useful life for the PA.

Transfer-out

A department cannot allow a transferring PI to take an item without receiving permission from the University and acceptance from the receiving institution. Legally, the University transfers the asset to the receiving institution, not the PI. Some collaborations may necessitate the University loaning equipment to an external entity for a specific purpose, in these cases an Equipment Loan Agreement must be completed. This agreement is a significant collaboration between University researchers (faculty and students) and an awarding agent (program officer, industry sponsor, etc.). An Equipment Loan Agreement establishes the terms of the property loan which must be negotiated and agreed upon by both the University and the receiving institution, to ensure all items are properly documented and insured.

Copies of the Equipment Loan agreement and written extension shall be distributed to the following parties:

- PI
- PI’s Departmental Dean
- OSPRI
- PA

Equipment on loan shall be the responsibility of the borrower, this requires providing a secure location for the equipment. The borrower is responsible for any damage to the equipment. The equipment is to be used for its normal and intended purpose. A detailed list of delivered inventory must be compiled and accepted by both parties at the time of transfer. Generally, the University is responsible for cost associated with delivery of the equipment. Meanwhile, the borrower is responsible for cost associated with returning the equipment.

Computer Software

For purchased software (including licenses) to qualify for capitalization, it must meet the following requirements:

- Acquisition cost must be five thousand dollars (\$5,000) or greater.
- Useful life must be greater than one year.
- The department **must have the right to sell, transfer, license, or lease the software** or license to a third party.
- Department or campus negotiated site licenses that include a set number of users and meets the \$5,000 threshold, are capitalized if all the following conditions are met:
 - No annual renewal fees
 - It is not a subscription service, the rights to use the software does not expire
 - The University retains the right to use data either purchased or created by users of the software
- Individual user licenses purchased based upon quantity (e.g., 1,000 licenses at \$75 each) **should not be** capitalized. Per the example, even though the total cost equals \$75,000 which meets the capitalization threshold, the licenses will not be capitalized. The reason is due to the 1,000 licenses retaining their individuality within the marketplace: therefore, the individual price of the license (\$75) does not meet the threshold.

Capital Cost: The cost of the software, installation, data conversion, and testing incurred during the development phase (if required to make operational) should be capitalized.

Non-Capital Cost: Evaluation, analysis, selection, training, and travel costs associated with purchased software should be expensed. Data conversion cost incurred during the in-service phase should be considered an activity of the operating stage, therefore, expensed.

Developed Software (Internal Use Only)

Software development (internally or contractor developed) costs are broken into three phases: 1) feasibility, 2) development, and 3) in-service. Development phase costs are eligible to be capitalized.

Feasibility Phase costs should be expensed which include:

- Conceptual formulation and evaluation of alternatives
- Determination of existence of needed technology
- Final selection of alternatives

Development Phase costs should be capitalized which include:

- Design
- Coding
- Installation of hardware
- Testing and parallel processing
- Data conversion, if necessary, to make operational

In-service Phase costs should be expensed which include:

- Application training
- Software maintenance or customization that does not meet the cost threshold
- Data conversion, if not necessary to make operational

Modifications/Upgrades

If a department creates, co-produces, or substantially modifies (cost exceed 25% of the acquisition costs) an acquired software product then the following guidelines should be followed.

Modifications to purchased software should be capitalized when the cost of the modification is five thousand dollars (\$5,000) or greater AND results in any **one** of the following:

- A substantial increase in the functionality of the computer software, allowing the program to perform additional tasks which it was previously incapable of performing.
- A substantial increase in the efficiency of the computer software, an increase in the level of service provided by the program with or without the ability to perform additional tasks.
- An extension of the estimated useful life of the software. ([GASBS 51](#), Par. 15)

If the modification does not meet both the cost threshold and one of the three criteria, the modification should be considered maintenance and the associated costs for the modification should be expensed.

Maintenance

If the purchased software includes maintenance and/or technical support these costs should be identified separately from the capitalized costs and expensed.

Inventory Requirements

Departments will be required, as part of their physical inventory, to inventory software and verify that the software is still in use. Software will be listed on the inventory using a “Dummy Tag” beginning with a SOFTWARE# format which signifies that the asset does not have a physical tag on it. When the software is no longer in use the asset should be retired.

Listing of account codes for computer software:

- 810350 – Software > \$5K (“asset” expense account)
- 500400 – IT Software License (expense account): used for IT annual fees, licenses, or subscriptions (annual renewals are not capitalized)

Intangible Assets

An intangible asset ([GASB 51](#)) is an asset that has all the following characteristics:

- Lack of physical substance
- Nonfinancial nature
- Useful life greater than one year

Types of Intangible Assets

Common types of intangible assets include right-of-way easements, easements for other purposes, patents, copyrights, trademarks, water rights, land use rights, licenses, permits, computer software (see software), and websites. The following must be met to be considered an intangible asset:

- The acquisition cost must be seventy-five thousand dollars (\$75,000) or greater and five thousand dollars (\$5,000) or greater for software.
- The department can sell, transfer, license, or lease the asset to a third party
- Determining useful life follows the existing guidance of tangible assets except for intangible assets that have indefinite useful lives, they should not be amortized.
 - A useful life that must be estimated does not mean it has an indefinite useful life, e.g., permanent right-of-way easement (has an indefinite useful life) vs. computer software (which can and should be estimated).
 - Water rights/Ditch rights in Colorado have a market value that is tracked and typically have an indefinite useful life, so they would be capitalized but not amortized.

Account Codes for Intangible Assets:

- 810xxx – Specific “Asset” expense account codes have not been set-up for intangible assets currently

Library Books and Collections

All cataloged library materials, including electronic resources (e.g., license to access online journals and databases), shall be capitalized. Tangible library materials and electronic resources are capitalized separately within PSAM using the total monthly amount for each category from the GL. Every month, the PA will enter the monthly acquisition totals into PSAM creating new tags, one for books and one for electronic resources. Annually, the Library staff submits the number of additions and deletions to the PA, the information is used to record the disposal of library materials. The oldest tag(s) in PSAM will be reduced or retired by the amount disposed for the year using the average cost method. Capitalized electronic

resources are assumed to live out their full useful lives which is ten years. As a result, at the end of their useful lives electronic resources and related accumulated depreciation shall be removed from the general ledger.

There is no capitalization threshold as to the total cost spent per unit for library materials and electronic resources. Capitalization criteria for electronic resources is based upon whether UCCS has perpetual access to the online journals and databases versus a subscription which requires a regular access fee.

UCCS combines library books (tangible materials), electronic resources, and depreciable collections for reporting purposes.

Library and Collections Account Codes:

- Listing of library material “asset” expense account codes to be capitalized:
 - 790100 – Library Books/Monographs
 - 790101 – Library Periodicals
 - 790102 – Library Microforms
 - 790103 – Library Audio
 - 790104 – Library Film
 - 790105 – Library Binding
 - 790106 – Library Electronic Resources
 - 790108 – Library Interlibrary Loan
 - 790109 – Library Utilities (OCLC)
- 810402 – Art & Non-Depreciable Collections (“asset” expense account)

Tagging Moveable Capital Equipment

To comply with University standards, moveable capital equipment must be tagged using UCCS serialized tags. Procedures for tagging moveable capital equipment:

- A UCCS tag number must be attached to the asset and updated in PSAM within a reasonable time after being received or placed in-service for fabrications. It is understood that under unusual circumstances which may arise due to health and safety concerns, tagging may be delayed.
- The UCCS tag should be placed on a flat surface in a visible and permanent location.
- If it is not possible to tag the asset due to several reasons, then the DLM must maintain a log which includes the following: the UCCS tag, hard copies of relative invoices, financial report, and PO.
- Reasons for an asset to not have a UCCS tag are:
 - Asset is too delicate/fragile: Laser optics
 - Tagging would de-face/de-value the asset: Antique furniture or artwork
 - Tagging would make the asset un-usable: Tagging a rotor used with a centrifuge or balance scale would cause it to be unbalanced
 - Asset is inaccessible: Components inside of other equipment or the satellite dish is on top of a tower or mounted on a building (roof or exterior wall) which has no access
 - Size or shape of asset: There is no surface area flat enough nor large enough for the tag
 - Environment/surface conditions: The asset is attached to or surrounded by extreme temperatures or moisture, such as a submersible pump

When assets cannot be tagged because they are internal to an existing asset, a note should be entered in the PSAM Comments Field, indicating the CU tag number or asset number of the existing asset which the internal asset was installed.

Adjusting the cost of the existing assets in PSAM:

- Any asset that are added to an existing system which cannot be used independently, should be merged into the primary asset as an addition.
- Assets that were expensed incorrectly in a prior fiscal year and later capitalized in the current fiscal year, are added to the asset database as "Adjustment to Inventory," as a non-cash current year transaction.
- If an error is discovered in the current fiscal year the asset can be added as a "Purchased" transaction in PSAM dating the transaction to its date of purchase.
- Another possibility is that the asset was retired in error. If this is the case, the retired asset will be "reinstated/unretired" in PSAM.

Sponsored Projects & Capital Equipment

Equipment purchased with Sponsored Project funds are managed according to specific requirements within the provisions of the award.

The following criteria are key elements in determining if property purchases are allowable on the sponsored project:

- The equipment is necessary to fulfill the research objective of the project, or
- The project will be negatively impacted by not purchasing the equipment, and
- The cost for the equipment is reasonable and represents the proper use of the sponsor's funds.

When equipment is being purchased for or provided to the University, by a sponsoring agency, is titled to the Government, stewardship responsibility is codified in the [Federal Acquisition Regulation \(FAR\) clauses 52.245-1](#). However, there are times the property furnished by the sponsor is borrowed from another entity, via a loan agreement. Responsibility, accountability, and liability for all property resides with the University as soon as it is received. **Title to property purchased with University funds does NOT vest with any individual, faculty, staff, or department.** Title to property acquired with Sponsored Project funds vests either with the University, the sponsor, or the Government. It can also be conditionally titled to the University which may have additional requirements.

Set forth in the terms and conditions of the grant award determines the ownership of the property acquired. This pertains to both capital property and non-capital property. For the purpose of these procedures, we will focus on capital property. Contract award terms may vary regarding ownership, title, and property restrictions. However, award terms assist in identifying the following:

- When specific, prior, written sponsor authorization must be obtained for property purchases, regardless of cost (both budgeted and unbudgeted).
- Reporting requirements for tangible property, capital equipment, or supplies.
- The process for requesting disposition instructions.

Title Vested with the University

Federal sponsors have authorization to vest title to the University as either "exempt" or "conditional."

Exempt Status

With exempt status, title is vested as exempt from any further obligation to the Government, although the University must still comply with OMB circular stipulations regarding the acquisition, use, maintenance, recordkeeping, and disposal. Specifically, the University must ensure that property purchased with federal funds is made available for other federally

funded research projects. However, when the University has received title vested as exempt, property may be used and disposed of at the discretion of the University because the Government has no remaining interest in the property.

Conditional Status

When title to property is conditional, the University receives title upon acquisition or receipt of the property, but the Government retains interest in this property. Government agencies have the option to reclaim title to any items reported to them within 120 days of the submission of the final property report and/or disposition request. Time frames for providing disposition instructions can vary by federal agencies.

For both exempt and conditionally titled property, use of the property on other grants is allowable, if that use does not interfere with the primary purpose for which the property was acquired. It is also important to note that some sponsors may place certain restrictions on the acquisition or use of property acquired with award funds. These restrictions may include requiring the University to obtain prior approval from the sponsor before purchasing or may disallow the purchase of certain types of equipment.

Title to supplies and other expendable property purchased with grant funds vests with the University upon acquisition. Upon completion of the project, any residual inventories of unused supplies exceeding \$5,000 in total aggregate value must be reported to the Government. OMB Circular guidelines revised as of December 24, 2014, identify computers and electronic devices which cost less than \$5,000 as supplies for grants. Computers and electronic devices may need to be included in the residual inventory reports for awards that are governed by the revised OMB Circular guidelines.

Title Vested with the Government

Government titled property falls into three categories:

- 1) Contractor acquired
- 2) Government furnished equipment
- 3) Government furnished material

Contractor Acquired

This includes property that is purchased by the University on a sponsored award when the terms and conditions specify that title vests with the Government. Prior approval from the sponsor is typically needed for property that costs more than \$5000, but the specific requirements for prior approval are disclosed in the award terms. The University assumes responsibility for this property and has authorization to use it only on the award for which it was purchased. The University is required by [FAR 52.245-1\(f\)](#) to establish and implement a system with procedures to identify, tag, store, maintain, and account for this property. Although it is not common, materials and supplies purchased for a particular purpose on the award may also need to be accounted for as they are consumed during the life of the project and at closeout. **Unlike equipment titled to the University, use of Government titled equipment on other awards must be specifically authorized by the sponsor.**

Government Furnished Property

Government furnished property (GFP) is Government owned property that is provided directly to the University for use on one specific ongoing agreement. A copy of the DD1149 form (Requisition and Invoice/Shipping Document) that accompanies Government property and any other shipping documents are sent to OSPRI. Any damages or shortages must be noted and reported immediately to the Government or the sponsor, with a copy to OSPRI. An itemized list of GFP accountable to the award must be included in the contract and represents the University's authorization to possess Government titled property for that purpose. **The department should notify the Property Accountant immediately when property sent from the sponsor has been received by a PI or department, so the Property Accountant can tag it and properly account for it.**

Government Furnished Material

Government furnished material (GFM) includes materials and supplies that are furnished to the University by the Government, whose ownership remains with the Government, for use on one specific ongoing agreement. The material may be incorporated into or attached to an end item to be delivered under a contract or may be consumed or expended in the performance of an agreement. Contract documents should clearly identify GFM, including the quantity and value of each item, in order to ensure the materials are accurately accounted for.

Title Vested with the Sponsor

Under the terms of an award, title to property acquired with award funds may vest with the sponsor. This most often occurs when the University is a subcontractor to another entity, or if the University is providing deliverable property to the sponsor as part of the scope of work of the award. The asset will not be capitalized.

When the University is a subcontractor to another entity, the University's sponsor may impose more stringent property terms than the prime sponsor. An example of this situation is Jet Propulsion Laboratory (JPL) which has their own terms and conditions regarding property and equipment for their awards, in addition to the prime award terms and conditions, which are incorporated by reference in their contracts.

Sponsored Project and Capital Equipment information presented in the section above was taken from the **Sponsored Projects Control Manual** for CU Boulder which can be accessed via the following link:

(<https://www.colorado.edu/ocg/manage-awards/property-and-equipment>)

Tagging of Federally Owned Equipment

Federally owned equipment in which title is vested in the Federal Government must be tagged. Equipment purchased with federal funds, i.e., grant award, remain the property of the Federal Government until the grant ends, unless stated in the provisions of the grant. The Property Accountant is responsible for the tagging and annual inventory until the title transfers to the University. Accounts to use for purchase of federally owned property are 810200 (Equipment >=\$5000 Govt Title) for equipment and 810800 (Federal Fab Equip Components) for components purchased during a fabrication.

Listing of movable capital asset equipment and expense account codes:

- 810100 – Equipment >= \$5000 -University Titled Equipment
- 810200 – Equipment >= \$5000 Government Title
- 810300 – Equipment >= \$5000 Private Title
- 810350 – Software > \$5K University Owned
- 810700 – Fabricated Equipment Components (University titled)
 - Costs are recorded in the GL, but components are not depreciated until fabrication is complete and placed in-service
- 810800 – Federal Fabricated Equipment Components (Federally titled)
 - Costs are recorded in the GL, but components are not depreciated until fabrication is complete and placed in-service

Expenditures within the 810XXX series must be directly related to the acquisition of a capital asset, lease purchase, or fabrication. It is important for the following reasons:

- 1) The accounting must tie between the GL and PSAM at the end of the year and
- 2) The 810XXX series is exempt from F&A due to being capital purchases.

When a journal entry is used to reclassify an equipment purchase to an 810XXX account, the invoice must be attached, in addition to the financial detail report showing where the original purchase posted. The long description should explain the reason for the reclassification and reference the PO number.

Maintenance of Equipment

While government equipment is in the custody of the University, the custodial department is responsible for having adequate procedures to govern the control, use, protection, repair, and maintenance. Preventive maintenance includes regularly scheduled inspections, calibration, and tune-ups as prescribed by the manufacturer, to sustain good working condition before minor problems cause damage to the equipment.

The PI's department shall maintain records of all maintenance, recording the date performed, actions taken, and who performed the maintenance. Download the [Asset Log](#) here.

Equipment Loan/Return (off premises)

An equipment loan procedure is required to maintain proper controls and define responsibilities for capital equipment removed from University premises and to comply with UCCS and Colorado State Policy. State law prohibits the use of University equipment for personal use, this applies to capital and non-capital assets.

Equipment residing at an official University off-campus location does not require an Off-Campus Use of University Equipment form. An off-campus location refers to any school or institution associated with the University, i.e., the University Office Park, GOCA 121 downtown, or the National Cybersecurity Center. Equipment residing at a research location affiliated with the University is considered off-campus. The off-campus address must be entered in the comment field within PSAM.

Should University equipment need to be used in a University employee's home or elsewhere off-campus for University business, an official Off-Campus Use of University Equipment form with written authorization for off-campus use should be completed and maintained in the department office. The Off-Campus Use of University Equipment form can be found on the UCCS Controller's Office website or by following the link [Off-Campus Use of University Equipment Form](#).

When equipment is allowed off-campus, the departmental property manager is responsible for the following:

- For capital assets, they must verify the equipment has a CU tag number before leaving campus.
- For non-capital assets, they must verify the equipment has a "Property of University of Colorado Colorado Springs" sticker affixed to it, before leaving campus.
- They must verify completion of the Off-Campus Use of University Equipment form for all University equipment.
- During the department's inventory, they must verify that the person responsible for the off-campus equipment has provided tangible proof that the item is still in their possession, e.g., the responsible person provides the serial number of the asset or a picture of the item with proof of date taken.

Loaning University Capital Assets

Some collaborations may necessitate the University loaning equipment to an external entity for a specific purpose. An Equipment Loan Agreement form is required when Federal, Government title equipment or grant funded equipment is borrowed from the University and the equipment will reside at a location not directly associated with the University. The Equipment Loan Agreement must be completed before the equipment is removed from campus. An Equipment Loan Agreement will layout the terms of the property loan, including the intended use. An itemized list of all property, capital and non-capital, being loaned must accompany the agreement. The agreement **must** be signed by an OCG Compliance

Officer (if grant related), the PI's Department Dean or Director, and the receiving organization. The Loan Agreement is supposed to ensure that property is properly documented, insured, and only used for its intended purpose.

University equipment may be loaned for a period of two years or less, an Equipment Loan Agreement must be completed before the equipment is moved to an off-campus location. If the equipment is not returned at the end the term an extension or plans to return the equipment should be put in place.

Copies of the loan agreement and extension, if needed, shall be distributed to the following people:

- PI
- PI's Department Dean
- OSPRI
- Property Accountant

It is important to note that a department:

- Cannot give or sell property to faculty, staff, or members of the public. The University holds auctions to provide equal opportunity for the public and others to purchase property.
- Cannot give or sell an item directly to a for-profit company, individual, or charity. (See above).
- Cannot allow a transferring PI to take an item without permission from the University and without acceptance of the property from the receiving institution. Legally, the University transfers property to the receiving institution, not the PI. Property purchased with grant fund must work with OSPRI and the PA.

Receiving Furnished Property

Upon receiving furnished property, title vests with the sponsor. The University is only authorized to use the property for the intended purpose as noted in the terms of the award. The University is authorized to be in possession of the furnished property as listed in the terms of the award. Agreement documents shall list the property as Government Furnished and signed by the sponsor and OSPRI. A copy of the DD1149 form (Requisition and Invoice/Shipping Document) that accompanies Government property and any other shipping documents are sent to OSPRI. Any damages or shortages must be noted and reported immediately to the Government or the sponsor, with a copy to OSPRI.

Borrowed Property

The title vests with the loaning agent. The University is only authorized to use the property for the intended purpose as noted in the equipment borrowing agreement. A department may receive loaned equipment from a sponsor, commercial entity, or other institutions for a specific purpose. The property may or may not be associated with an award, When property is borrowed, an Equipment Borrowing Agreement which includes the terms for the property loan must be negotiated and signed by both the loaning institution and OSPRI to ensure that these all property is properly documented and insured.

Export Control

The U.S. Government has a responsibility to protect the economic security and military status of our country, and as a result has passed export control laws to which we all are bound. There are penalties for non-compliance. If you travel outside of the U.S., work with foreign students or foreign collaborators; or work with technology and technical data, or perform medical, chemical, biological, or engineering research you need to know about federal regulations dealing with export controls. Export control laws are personal liability laws, both civil and criminal, which mean the responsibility of

the violation accrues to both the entity and to the violating individual. Please refer to OSPRI's webpage for more information: <https://osp.uccs.edu/export-controls> or email: exportcontrol@uccs.edu with any questions or concerns.

Asset Retirement - Equipment

The objective of asset retirement is to define appropriate reasons for the disposal of capital assets and ensure assets are fully utilized within the University before disposal.

Departments are not authorized to donate, sell, or dispose of any equipment. The [M.A.D. Manager](#) (Materials, Acquisitions, & Distribution) of Facilities Services is the only authorized delegate to donate, sell, or dispose of any equipment, otherwise it is considered a misappropriation of State property. Transfers of equipment to individuals or for-profit organizations are prohibited by state law (C.R.S 17-24-106.6). All surplus, obsolete, or damaged equipment not being utilized should be reported to the M.A.D. Team for disposition. The M.A.D. Manager will provide written authorization allowing a department to sell an asset, if it is in the best interest of the State. Prior to notifying the M.A.D. Team, the department should obtain authorization from the PA for disposition of property funded by contracts or grants, often referred to as sponsor funded.

Asset Disposition Highlights

What it takes to disposition University property:

- Verify who holds the title to the equipment, if government titled the sponsor must be contacted for disposition.
- Department Chair or Director approval.
- [Property Management Inventory Adjustment](#) form to be completed and sent to the Property Accountant.
- [Facilities Work request](#) submitted.
- All disposals and sales of capital and non-capital equipment must be processed by the M.A.D. Team.

All disposal of equipment must be handled in accordance with the procedures provided in this manual. **Departments or employees are not authorized to donate, sell, or otherwise dispose of any equipment.** The DLM must report in writing any instance of improper disposal of equipment to the Department Chair or Director and the PA. If the item is federally owned property, the DLM must immediately inform the PA. If the property is government titled, disposition instruction should be requested from the sponsor by OSPRI. To use government property on another project authorization must be obtained from the sponsor and the Administrative Contracting Officer.

When improper disposal has occurred, the Department Chair or Director must submit a written request to the PA to remove the equipment from PSAM. The request must explain how, why, and when the improper disposal occurred, the explanation must be sufficient to satisfy an auditor's examination. For equipment purchased with Federal grant funds, the Department Chair or Director must submit a written request to the PA for authorization to remove the equipment from PSAM. Upon approval of the request, the PA will remove the equipment from PSAM. Facilities will inform the PA when a work request is placed to disposition a piece of capital equipment.

The purpose of the disposition process is to maintain equipment records as required by State, Federal, and various other agencies, University financial reports, insurance purposes, budgets and equipment control, and utilization purposes.

Stolen Property

The DLM must immediately report any instance of stolen property in writing to the Department Chair or Director, the Campus Police, and the PA. The police will send a theft report to the DLM and to the Risk Management Office. In addition, if the stolen item is federally owned property, the DLM must immediately inform the PA. The PA will report stolen property with a unit cost of \$5,000 or more as disposed equipment in PSAM in the year the equipment is reported stolen.

Disposition of Capital assets

The following are reasons for disposition, when an asset is removed from a department, of capital assets and the procedures for each type:

- Disposed, recycled, internally transferred, sent to surplus, or sold:
 - When a department submits a work request to remove equipment, a Property Management Inventory Adjustment form needs to be completed, signed by the DLM and sent to the PA.
 - If the asset is transferred a note must be added to the Inventory Adjustment form that denotes where the asset is being transferred.
 - If the asset is sent to surplus a note should be included with the date the asset was sent to surplus. If it is not clear that the asset was sent to surplus, it should be retired as lost.
 - If at any time, a capital asset is retired within one year of purchase, a note must be added to the retirement document that explains why a new asset is being retired.

- Cannibalized: Cannibalization occurs when an asset is dismantled and used for parts.
 - The PA must be notified at the time an asset is no longer used for its designed purpose or prior to being used for parts.
 - The cannibalized asset tag will be retired.

- External Transfer:
 - A department cannot allow a transferring PI to remove property from University premises without permission and acceptance from the receiving institution. Legally, the University transfers the property to the receiving institution, not the PI.
 - Property can only be transfer to another public educational institution or nonprofit organization:
 - If the grant or contract that purchased the equipment is being transferred to a new institution and
 - If the funding agency and the Department Chair or Director approved the transfer.
 - External Transfer will require the name of the institution and responsible person that will receive the asset.
 - The asset will be retired in PSAM as an External Transfer to the new institution. The University must have approval from the funding agency to transfer the grant or contract before the equipment can leave the University.
 - The receiving institution must accept the equipment and notify the PA once the equipment arrives and is inventoried.

- Gift:
 - Request approval from the Property Accountant by email or phone call.
 - Must request approval from the M.A.D. Manager to disposition property
 - Submit a work request through Facilities Services Work Order System
 - Surplus assets may be gifted to not-for-profit and government organizations with prior approval from the M.A.D. Manager.
 - The following conditions should be documented before gifting any assets:
 - The asset has no utility for the University.
 - The asset has no appreciable market value for resale
 - Disclosure of any perceived or actual conflicts of interest between the gifting department and non-for-profit organization.

- Gifts will require the name of the organization and contact information for the individual receiving the asset. Once the individual receives and inventories the asset(s), the signed [Property Management Inventory Adjustment](#) form must be delivered to the PA.
- Lost/Missing:
 - Tagged items that could not be located during the biennial inventory. Assets should only be retired as lost after every effort has been made to locate them.
 - A note should be added to the Inventory Adjustment form providing details regarding the searches that were performed.
 - Upon review, the PA may contact the organization for more information.
 - If the asset is subsequently found, it will be reactivated within PSAM using unretired. PSAM will use the retirement date as the transaction date and allow depreciation to “catch-up” for the period the asset was lost.
 - Assets reported as lost/missing, with no obvious signs of break-in or evidence of theft, must be reported to the PA. The PA will determine if the CUPD should be notified.
- Theft:
 - When assets are stolen a report must be filed with the UCCS Police Department (CUPD).
 - The PA must be notified with the following:
 - CUPD Report # and
 - a completed Inventory Adjustment form
- Trade-in:
 - Once the department, PA, and Purchasing have determined that an existing asset will be traded in, it is important that the asset(s) given up in trade be retired.
 - A completed and signed Inventory Adjustment form must be sent to the PA.
 - The retirement should be processed when the equipment is turned over to the vendor. The timeliness of the retirement is important because this will affect the book value of the asset given in trade.

Disposal of Computers and Electronics

University computers may contain sensitive information; therefore, they are required to be wiped clean before disposition. **Departments are not authorized to donate, sell, or dispose of any equipment without prior approval from the MAD Team at Facilities Services.** Transfers of equipment to individuals or for-profit organizations are prohibited. All surplus, obsolete, or damaged equipment not being utilized should be reported by submitting a work request through Facilities Services Work Order System (WOS) for disposal.

Please see [TMA iServiceDesk](#) for current work order status (WOS). Prior to notification of Facilities Services, the requesting department should obtain an authorization from the PA for disposition of Federal and University property funded by Federal contracts or grants. If unsure where the funds came from to purchase the equipment, contact the PA.

Refer to [UCCS Controller's Office Contacts](#) for the Property Accountant’s contact information.

The Facilities Services Department will be the central point of contact on campus for furniture and equipment disposals, transfers, and sales of all controlled, inventoried capital equipment, and non-controlled equipment.

After a Work Order has been submitted, a member of the MAD Team will be in contact with the Department regarding the scheduling of a pick-up time.

Please refer to the campus policy for Computer and Electronic Disposal:
[UCCS Campus Policy 700-006 Computer and Electronic Disposal](#)

A department:

- Cannot donate, give, or sell a University computer to faculty or staff. The University holds auctions to provide equal opportunity to purchase an item.
- Cannot donate, give, or sell a computer directly to a company, individual, or charity. (See above)
- Cannot allow a transferring PI to take a computer without permission from OSPRI and acceptance of the item from the receiving institution. Legally, UCCS transfers the item to the receiving institution, not the PI.

Please see section “Purchase of Surplus Property by University Employee” earlier in this document.

[Internal Sales, Trades, or Transfers of Equipment](#)

Internal sales, trades, or transfers of equipment between University departments are not reported as disposals of equipment in PSAM. The department should notify the PA by submitting an Inventory Adjustment form regarding the new department, responsible person, and location of the equipment. This allows the PA to make the proper accounting entries regarding the transfer of funds and equipment.

However, when the tagged item is funded by a 453/454XXX project, these types of transactions are treated as disposals of equipment from the sponsored project itself. Therefore, prior approval is required from [Sponsored Projects Accounting](#) (SPA) for internal sales, trades, or transfers of equipment funded by a sponsored project. This additional SPA approval is intended to prevent an improper sale or purchase from being made using sponsored project funds. For example, it is improper for a department to purchase equipment with sponsored project funds from a selling department that originally purchased the equipment using funds from another sponsored project. For further information on obtaining SPA authorization, contact the PA.

Note: SPA does not have to be notified about equipment that is returned to the vendor (i.e., damaged item), that is incorrectly recorded in the PSAM because of an excess tag number, or that is part of another unit.

[PSAM’s Retirement Accounting:](#)

- Credit the asset account 090400,
- Debit the accumulated depreciation account 092800,
- And if necessary, debit the Gain/Loss Expense account 970300 based upon the Net Book Value at the time of the retirement.
- The PA will credit the proper account in the 3255XX range if the tagged piece of equipment generates any salvage value. These revenue accounts are linked with the 970300 to provide a net gain/loss amount.

[Retirement of IRS Form 8283 Gift Assets](#)

The University must report information to the IRS about dispositions of charitable donation property made within three years after the donor contributed the property. When a gift asset is retired within three years of the donation date, IRS Form 8282, Donee Information Return, must be processed. Any gift assets retired within three years of the creation date and where the donor requested an IRS Form 8283, Noncash Charitable Contribution, Please work with UC Gift Planning through the UC Advanment Office. The email address is GiftPlanning@cu.edu.

Physical Inventories

The purpose for completing physical inventories are to:

- Secure University assets
- Verify location for compliance with the OMB Uniform Guidance
- Verify that assets physically exist
- Assist organizations with effective management of capital equipment
- Verify that all known assets are recorded accurately within the financials statements
- Verify that records are up to date, adjusting as needed
- Confirm the custodian and the individual responsible for the asset are valid
- Determine if there are any excess assets
- Evaluate assets for condition, usage, storage, defects, and obsolescence
- To be prepared, in the event of an audit

“A physical inventory of equipment shall be taken, and the results reconciled with the equipment records at least once every two years. It is understood that under unusual circumstances which may arise due to health and safety concerns, the physical inventory may be delayed or an alternative method will be created as long as it is sufficient with the auditors. Any differences between quantities determined by the physical inspection and those shown in the accounting records must be investigated to determine the causes of the difference.” (2CFR 200.313.(d)(2)). The University is decentralized with an open environment which allows faculty, staff, students, and the public access to most parts of campus, therefore it is important to conduct a physical inventory. The PA along with the Departmental Lab Manager (DLM) will conduct the inventory and sign the inventory schedule once completed. Each organizational unit is responsible for the inventory under their departmental code in the PeopleSoft Asset Management (PSAM).

Inventory Scheduling

Departmental inventories are spread out over eight quarters covering the biennial period. The PA will contact the (DLM) and provide them with a list of tagged assets within PSAM. The DLM will use the list to validate the location of each asset. If an asset is found with no UCCS property tag, the DLM will notify the PA so a new UCCS property tag may be issued. Noting changes as needed and certify that the information provided is accurate. The DLM will schedule a time with the PA to conduct the physical inventory together. Upon all items being located by both the PA and the DLM, the Inventory Schedule will be signed, certifying all assets on the list have been physically verified. The DLM will be held accountable for accuracy of the inventory in the event of an audit.

Untagged Assets not on Equipment List

If an untagged asset with a value of \$5,000 or more is found, and is not on the equipment list, the DLM should report the item to the PA. The PA will need to know how the equipment was acquired by the organization (i.e., Gift, Transfer-in, or Purchase).

Loaned and/or Off-Campus Equipment

All capital assets on loan or off-campus should have a current Equipment Loan/Off-Campus Document in the Department Administrator’s Office. During the inventory, the DLM is required to verify the location and condition of the equipment. For remote locations, an email from the Responsible Person using the equipment is required verifying the location and condition of equipment.

Capital Asset Performance

There are three periods of an asset’s life cycle; (1) Maximum Performance, (2) Reduced Productivity, and (3) Final Disposition. These periods are used to measure the total cost of ownership (TCO). This is accomplished by determining the impact, such as actual time used, routine maintenance, calibration, full cost of repairs, down time when out of service and the cost to replace. As the cost of maintenance increase and time between repair intervals increase the assets moves to the second period, Reduced Productivity. During the Reduced Productivity period the decision to replace the asset

needs to be made. The [Asset Log](#) will assist you in making a well inform decision. For each asset enter the name of the asset across the top of the page, then please print a few pages for each asset and place them close to the asset. It is the DLM's responsibility to note if the equipment needs repair, calibration, or is out of service in the comment column. For broken equipment note on the next line when it was placed back in service, who repaired, hours spent repairing, or cost of repairs. This information will be used to perform a cost benefit analysis regarding the decision to repair or replace. This information will also be used if an insurance claim is necessary, therefore the asset should be covered. If the asset was purchased with federal funds this information is required.

Leases

A lease agreement involves at least two parties, a lessor, and a lessee. The lessor agrees to provide the lessee the right to use the property, plant, or equipment for a stated length of time, usually for monetary compensation. Examples of nonfinancial assets include building, land, vehicles, and equipment. Any contract the meets this definition should be accounted for under the leases guidance, unless specifically excluded in the Statement.

NOTE: GASB Statement no. 87, Leases, has eliminated the distinction between capital and operational leases that are expected to last beyond 12 months.

Under GASB Statement no. 87 all leases are classified as finance leases. If the lease is for twelve months or less (short term) it is not subject to GASB 87.

Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

1. Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option
2. Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option
3. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option
4. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

1. The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
2. The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
3. An event specified in the lease contract that requires an extension or termination of the lease takes place.

Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Revenue Leases

Departments are also asked to consider transactions where the department is the lessor, receiving payment for equipment leased to another entity. Please contact the PAO if this is happening.

Due to the complexity of this calculation, a GAAP Capital Lease Test spreadsheet is available. Please contact the UCCS Controller's Office for assistance with this calculation.

Amortization Schedule

The amortization schedule should clearly identify the purchase order number, interest rate, payment number, payment due date, monthly payment amount, principal, interest, and the running balance.

Lease Account Codes

Lease purchase payments must be broken down by the principal portion and interest portion according to an amortization schedule provided by the vendor.

- Use expense account number 810500 for principal payments and
- Expense account number 810600 for interest payments.

Monthly, the Controller's office will reconcile each payment to the amortization schedules to ensure the correct amount has been applied toward principal and interest.

At fiscal year-end, all balances of capital lease debt will be reported in the Schedule I-2 For Bonds and Notes Payable.

Land Leases

If the terms of the lease indicate a transfer of title or contain a bargain purchase option, the University should account for the lease as a capital asset. If the terms of the lease agreement do not transfer ownership or contain a bargain purchase option, the University should account for the lease as operating.

Leases Involving Land and Buildings

If the terms of the lease indicate a transfer of title or contain a bargain purchase option, the University should account for the lease by separating the land and building and capitalize separately. The land and building should be separated based on the fair market value at the time of lease inception.

If the term of the lease does not indicate a transfer of title or a bargain purchase option, the materiality of the land must be determined in relation to the total. If the fair value of the land is less than 25% of the total fair value of the leased property, then the land is considered immaterial.

Example 1:

Real Estate	FMV	Percentage	
Land	80,000	20%	Land is immaterial
Building	320,000	80%	

Total	400,000	100%	
Example 2:			
Land	150,000	37%	Land is material
Building	250,000	63%	
Total	400,000	100%	

If the land is immaterial to the lease should be accounted for as a single building lease.

If the land is material, the land and the building components should be separated. The portion of the lease involving the land should be accounted for as operating. The building portion will be capitalized if one of the following are met:

- The term of the lease is 75% or more of the economic useful life of the building.
- The present value of the minimum lease payments equals 90% or more of the fair value of the leased real estate.

Leases Involving Real Estate and Equipment

If a lease agreement involves both real estate and equipment, the equipment and real estate should be accounted for separately.

Leases Involving only Part of a Building

If the fair market value of the leased portion can be determined, the University should account for the lease as described in "Leases involving land and buildings." If the fair market value of the leased portion cannot be determined, the University will account for the lease as operating.

DEFINITION OF LEASE TERMS:

Bargain purchase option: A provision allowing the lessee the option of purchasing the leased property for an amount, exclusive of leased payments, which is sufficiently lower than the expected fair value of the property at the date the option becomes exercisable. Exercise of the option must appear reasonably assured at the inception of the lease.

Implicit rate: The interest rate that, when applied to the minimum lease payments, causes the aggregate present value to be equal to the fair value of the leased property to the lessor.

Incremental borrowing rate: The rate that, at the inception of the lease, the lessee would have incurred to borrow over a similar term the funds necessary to purchase the leased asset.

Fair value of leased property, plant, and equipment: The property's selling price in an arm's length transaction between related parties. The selling price is considered the cash option to purchase.

Lease: A contractual agreement conveying the right to use property, plant, or equipment for a stated length of time.

Minimum lease payments for the lessee: The payments that the lessee is required to make according to the lease terms. If the lease contains a bargain purchase option, only the minimum rental payments over the lease term and the bargain purchase are included in the minimum lease payments.

Asset Depreciation

PSAM will calculate and post depreciation expense monthly using the straight-line method for the calculation. Each asset will begin depreciation on the first day of the month (assigned when the PA officially recognizes the asset) and depreciated over the asset's useful life. Every asset in PSAM is assigned an Asset Profile that has an associated useful life.

Depreciation is recognizing the diminishing service capacity of utility; the lost usefulness; the wasting away of a tangible asset during the periods of service life. Asset lives are linked to the Asset Profile code and are estimates of the useful life of the asset.

Accounting for the Impairment of Capital Assets

[GASB 42](#), Accounting and Financial Reporting for Impairment of Capital Assets is followed to provide reporting and accounting guidelines for the impairment of capital assets. GASB 42 requires the University to evaluate events or changes in circumstances affecting capital assets to determine whether impairment has occurred. Impairment is a significant, unexpected decline in the service utility of a capital asset. The event or change in circumstances that lead to the impairment are not normal and ordinary and would not have been expected to occur during the life of the capital asset.

Impairment is indicated when events or changes in circumstances suggest that the service utility of the capital asset may have significant and unexpected declined. The University has defined significant in this context as one million dollars or greater. This threshold includes the total cost to renovate, rebuild, or replace the impaired asset.

Indicators of impairment include:

Evidence of physical damage or when the level of damage requires restoration in order to restore the service utility, examples could include:

- Building with contamination such as mold or asbestos.
- Building with structural damage.
- Building with fire or flood damage.
- Machinery with fire, water, or electrical damage.
- Art or Museum tracking with fire or water damage.
- Vandalism to a building or piece of machinery.
- Vandalism to an Art or Museum tracking.

Enactment or approval of laws, regulations, or other changes in environmental factors.

Examples could include:

- New water quality standards that a water treatment plant does not meet.
- Underground storage tanks for fuel, water, or sewer.
- Smoke emissions.
- Technological development or evidence of obsolescence, such as:
 - Equipment that is rarely used because newer equipment is more accurate.
 - Underutilized mainframe computer.
 - Underutilized magnetic resonance imaging (MRI) machine.
 - Underutilized electric distribution systems.

A change in the manner or expected duration of usage of a capital asset.

Examples could include:

- Closure of a lab prior to the end of its useful life.
- Use of a building changed from academics to storage.

- Construction stoppage, such as:
 - Stoppage of construction of a building due to lack of funding.
 - Stoppage of construction of a building due to a lawsuit.

Please note the above indicators of impairment could also be subject to accounting treatment, according to [GASB 49](#), Accounting and Financial Reporting for Pollution Remediation Obligations. This could include a building with mold or asbestos contamination or the enactment of laws, regulations, or other changes in environmental factors.

Impairment Test

A capital asset identified with an indicator of impairment, as described above, should be tested for impairment by determining whether both of the following factors are present:

- The decline in service utility is significant. The expenses associated with continued operations and maintenance or costs associated with restoration of the capital asset are significant in relationship to the current service utility.
- The decline in service utility is unexpected. The restoration cost or other impairment circumstance is not a part of the normal life cycle of the capital asset. Management does not expect the asset to fulfill its useful life.

If both are not present, an impairment has not occurred.

Measurement of Impairment

If both impairment tests have been met as described above and the capital asset will continue to be used by the University, the impairment, or the portion of the historical cost that should be written off, should be measured by the method below, depending upon which impairment indicator was met. This process will be completed by the Controller's Office. Departments do not need to calculate the amount of the impairment.

- *Impairments resulting from physical damage* should be measured using the **restoration cost approach**. Under this approach, the amount of the impairment is the estimated cost to restore the asset to serviceability. The estimated cost will be converted to historical cost or will be calculated by restating the cost using an appropriate cost index such as the Consumer Price Index. The formula used to determine the estimated cost is:

$$(\text{Restoration Cost/Replacement Cost}) \times \text{Book Value of the Capital Asset}$$

- *Impairments resulting from enactment or approval of laws or regulations or other changes in environmental factors or from technological development or obsolescence* generally should be measured using a **service unit's approach**. The service unit's approach separates out the historical cost of the asset that cannot be used due to the impairment event or change in circumstance. The amount of impairment is determined by evaluating the service provided by the capital asset before and after the event or change in circumstances.
- *Impairments identified from a change in manner or duration of use* generally should be measured using **deflated depreciation replacement cost or using a service units approach**. For the deflated depreciation approach, a replacement cost for the asset is estimated. This estimated cost is depreciated to reflect the fact that the capital asset is not new, and then is decreased to convert it to historical cost.
- *Capital assets impaired from construction stoppage* should be reported at the lower of carrying value or fair value.

Impaired capital assets that will no longer be used by the government should be reported at the lower of carrying value or fair value.

Impairment Insurance Recoveries

The impairment loss will be reported net of the insurance recovery when the recovery and loss occur in the same fiscal year. Insurance recoveries reported in subsequent fiscal years should be reported as program revenue, non-operating revenue, or extraordinary item.

Definition of Terms

ACQUISITION COST: Expenses incurred to acquire and put an asset, like equipment, in service. These expenses include materials, supplies, freight, construction, installation, site preparation, training, or assembly labor, along with professional fees.

CAPITAL ASSET: Property that has a useful life of more than one year **and** a total acquisition cost at or greater than the capitalization threshold established by the University. Capital assets can include both tangible and intangible property. Classes of assets recorded by the University include, buildings, improvements, equipment, furniture, library materials, electronic library resources, collections, land, trademarks, patents, software, and other financial instruments.

CAPITAL EQUIPMENT: Equipment that has a useful life of more than one year and a unit cost of \$5,000 or more. If equipment is affixed to a building and is not moveable without significant deinstallation, the equipment is considered fixed equipment and is capitalized as part of the building.

Additions to the asset in subsequent fiscal years must continue to meet the capitalization threshold AND meet one of the following capitalization tests:

1. The useful life of the asset must be increased.
2. The quantity of units produced from the asset must be increased.
3. The quality of the units produced must be enhanced.

Routine maintenance and repairs are not capitalized. Repairs include changes that maintain or restore an asset to its normal operating efficiency. However, if a component requires replacement, it would only be capitalized if the cumulative costs meet the \$5,000 threshold and one of the above capitalization criteria.

CAPITALIZATION THRESHOLD: The dollar threshold for determining if an item is capitalized or expensed, thresholds are established by University policy. Examples: The threshold for equipment and software is \$5,000 including acquisition costs.

CAPITALIZED: When the cost to acquire or add to an asset are depreciated over the life of the asset rather than expensed in the period incurred. The cost is recorded in an asset account and depreciation expense is recognized over the useful life of the asset.

COLLECTIONS: Items collected and stored or displayed, such as museum items, antiques, paintings, art objects, and film collections.

CONTROLLED EQUIPMENT: Capitalized equipment that is tagged and inventoried in PSAM.

DEPRECIATION: Recognizes the diminishing service capacity of utility; the lost usefulness; the wasting away of a tangible asset during the periods of service life. Asset lives are linked to the Asset Profile code and are estimates of the useful life of the asset.

DISPOSITION: The process of moving a capital asset out of a department due to a trade-in, sale, or transfer. A capital asset may be disposed of if it is surplus, scrapped, salvaged, etc.

DLM: Department Lab Manager. DLM's are individuals designated to verify and maintain control of property for the various academic and administrative units.

EQUIPMENT: Tangible property which is not permanently fastened to a building and does not lose its identity if removed. *In this manual, the terms "equipment," "asset" and "property" are used interchangeably.*

EQUIPMENT LOAN AGREEMENT: An agreement which includes the terms of a property loan and signed by OSPRI, and the loaning and receiving institution. The loan agreement ensures that the property is properly documented, insured, and allowed by the grant or contract. An equipment loan agreement is required when the University is borrowing or loaning equipment.

EXCESS PROPERTY: Property that is no longer needed or operable is considered excess property. The department should verify who holds the title, complete and submit an Inventory Adjustment form, and submit a work order for disposition.

FABRICATED EQUIPMENT: Equipment internally built or constructed by the University.

FEDERALLY OWNED EQUIPMENT: Property purchased by the University where ownership rests with the Federal Government (another term for this can be Federally titled property), OR property provided to the University by the Federal Government where ownership rests with the Federal Government (another term for this can be Government Furnished Equipment or GFE).

FIXED EQUIPMENT: Property that is built into or permanently fastened to the walls, ceilings, and floors of a building.

FMV: Fair Market Value

GIFTS: An item donated to the University by an individual, corporation, government agency, or etc.

GROUP OR MASS PURCHASE: The purchase of many or several items, which individually are less than the capitalization threshold of \$5,000, are not capitalized.

INTERNAL SERVICE UNIT (ISU) EQUIPMENT: Capital equipment used by an Internal Service Unit, which is an organization unit that provides specific types of goods or services to other departments.

INVENTORIED: Property that is entered in PSAM.

LIBRARY HOLDINGS: Reference materials normally found in libraries, including books, documents, microfilm, telephone records, audio tapes, photographic films, video tapes, electronic media, and maps.

M.A.D. Team: Materials, Acquisition, and Distribution Team located within Facilities Services.

MOVABLE CAPITAL EQUIPMENT: Property, other than real property, collections, and library holdings, having an expected life greater than one year and a unit cost greater than \$5,000. Moveable equipment for purposes of this manual is property not built into or permanently fastened to the walls, ceiling, or floors of a building. If items are secured solely for purposes of stability, they are considered movable.

MAINTENANCE EXPENSE: Any cost that neither adds to the quality or quantity of the output, nor extends the useful life of the original equipment, are maintenance expense; cost should not be capitalized regardless of amount.

NON-CAPITAL EQUIPMENT: Property, other than real property and standard furniture, having an expected useful life greater than one year and a unit cost less than \$5,000.

NON-CAPITAL CONTROLLED EQUIPMENT: Property having a unit cost less than \$5,000 but required to be inventoried in PSAM to satisfy the requirements of a contractual agreement or a granting agency. Such equipment is acquired with Restricted Sponsored funds and recorded in accounts 537601 (Equip < \$5000 Spon Proj Ctrl) and 810900 (Equip < \$5000 F&A Exempt).

OSPIR: Office of Sponsored Programs and Research Integrity

PA: Property Accountant

PSAM: PeopleSoft Asset Management, which is the official record of the University of Colorado.

PERSONAL PROPERTY: Property other than real property.

PRIVATELY OWNED PROPERTY: Property owned by University employees and organizations other than the University and the government.

PROPERTY: Tangible personal property which is not permanently fastened to a building and does not lose its identity when removed. *In this manual, the terms "equipment," "asset" and "property" are used interchangeably.*

REAL PROPERTY: Land, land improvements, structures, and attachments, excluding movable equipment and furniture.

STANDARD FURNITURE: Office and classroom furniture, household furniture, and storage equipment with a cost less than \$5,000 per unit.

SUPPLIES: Tangible items which are consumables used during a reporting period, less than a year. These items include maintenance materials, janitorial supplies and items that are considered incidental to the production process. Supplies are expensed as used and not capitalized separately nor included in the cost of an asset.

UNIVERSITY OWNED EQUIPMENT: Property whose ownership rests with the University of Colorado Colorado Springs. Another term for this is University titled.

APPENDIX

References:

CO Office of the State Controller – Fiscal Procedures Manual (March 31, 2018)

https://www.colorado.gov/pacific/sites/default/files/Fiscal_Procedures_Manual_2018.pdf

Electronic Code of Federal Regulations (e-CFR): OMB Guidance – Title 2, Subtitle A, Chapter II, Part 200

https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

FASB – Standards No. 13, Accounting for Leases

https://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1218220124481&acceptedDisclaimer=true

Federal Acquisition Regulation (FAR): FAR Part 45 – Government Property

<https://www.acquisition.gov/far/part-45>

GASB – Summary of Statement No. 42, Impairment of Capital Assets and for Insurance Recoveries

<https://www.gasb.org/st/summary/gstsm42.html>

GASB – Summary of Statement No. 49, Pollution Remediation Obligations

<https://www.gasb.org/st/summary/gstsm49.html>

GASB – Summary of Statement No. 51, Intangible Assets

<https://www.gasb.org/st/summary/gstsm51.html>

GASB – Summary of Statement No. 83, Certain Asset Retirement Obligations

https://www.gasb.org/jsp/GASB/Pronouncement_C/GASBSummaryPage&cid=1176168669945

GASB – Summary of Statement No. 87, Leases

https://www.gasb.org/jsp/GASB/Pronouncement_C/GASBSummaryPage&cid=1176169177502

State of Colorado Standard #5 – Capital Asset Reporting

<https://www.colorado.gov/pacific/sites/default/files/Standard%20%20-%20Capital%20Asset%20Reporting.pdf>

UCCS Campus Policy 100-012, UCCS Art Collection

<https://vcaf.uccs.edu/sites/g/files/kjihxj1631/files/inline-files/100-012.pdf>

UCCS Campus Policy 700-006, Computer and Electronic Disposal

<https://vcaf.uccs.edu/sites/g/files/kjihxj1631/files/inline-files/700-006.pdf>

UCCS Controller's Office – Property and Equipment/Inventory page

<https://rmd.uccs.edu/uccs-controllers-office/property-and-equipment-inventory>

UCCS Controller's Office – Sponsored Projects Accounting page

<https://rmd.uccs.edu/uccs-controllers-office/sponsored-projects-accounting>

UCCS Facilities Services Department – Materials, Acquisitions, & Distribution page

<https://facsrvs.uccs.edu/service-groups/materials-acquisitions-and-distribution>

UCCS Office of Sponsored Programs and Research Integrity (OSPRI)

<https://osp.uccs.edu/>

UCCS TMA iServiceDesk – Submit a Work Request

<https://facserv.uccs.edu:444/home.html>

University of Colorado – Accounting Handbook

<https://www.cu.edu/controller/procedures/accounting-handbook>

University of Colorado Fiscal Procedures

<https://www.cu.edu/controller/fiscal-procedures>

Uniform Guidance – Code Federal Regulations

Electronic Code Federal Regulations

<https://www.ecfr.gov>

[Title 2—Subtitle A—Chapter II—Part 200](#)

[Property Standards](#)

- [§200.310](#) Insurance coverage.
- [§200.311](#) Real property.
- [§200.312](#) Federally owned and exempt property.
- [§200.313](#) Equipment.
- [§200.314](#) Supplies.
- [§200.315](#) Intangible property.
- [§200.316](#) Property trust relationship.

Subpart A - Acronyms and Definitions

[§200.2](#): Acquisition cost.

Acquisition cost means the cost of the asset including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices.

[§200.12](#): Capital assets.

Capital assets mean tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- (a) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- (b) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

[§200.20](#): Computing devices.

Computing devices mean machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving or storing electronic information. See also §§200.94 Supplies and 200.58 Information technology systems.

[§200.313](#): Equipment.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level

established by the non-Federal entity for financial statement purposes, or \$5,000. See also §§200.12 Capital assets, 200.20 Computing devices, 200.48 General purpose equipment, 200.58 Information technology systems, 200.89 Special purpose equipment, and 200.94 Supplies.

[§200.59](#): Intangible property.

Intangible property means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock, and other instruments of property ownership (whether the property is tangible or intangible).

[§200.94](#): Supplies.

Supplies means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. See also §§200.20 Computing devices and 200.33 Equipment.