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## Memorandum

TO: Deans, Directors, Department Heads, Principal Investigators

FROM: Andrew P. Mangels, Controller

DATE: December 10, 2007

SUBJECT: Increase in Equipment Capitalization Threshold to \$5,000 on July 1, 2008

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The University will be increasing the equipment capitalization threshold from \$1,000 to \$5,000 on July 1, 2008. Only equipment with a value of \$5,000 or more and an expected useful life greater than one year purchased or donated after July 1, 2008 will be capitalized. Equipment with a value less than \$5,000 will be treated as supplies and expensed in the period purchased. All current equipment will remain in the asset management system until fully depreciated. Equipment greater than \$5,000 must be inventoried at least every two years in accordance with OMB A-133 regulations.

**Effective immediately, all grant proposals should use the \$5,000 capitalization level for equipment budgets for equipment expected to be purchased after July 1, 2008.**

The campus will provide a one-year transition period from July 1, 2008 - June 30, 2009 on grants awarded under the previous capitalization threshold of \$1,000 to allow purchases of equipment from \$1,000- \$5,000 without incurring F&A overhead charges. Separate account codes will be established for this one year transition period.

The Controller's Office will be issuing further details on account codes and inventory tracking of equipment less than \$5,000 in the near future. Questions may be referred to the Controller's Office at 545-0806.