

A8.551 Non-Expendable Personal Property

1. Definitions

Moveable Equipment - Equipment which is not built into or permanently fastened to a building and does not lose its identity through incorporation into a more complex unit. Examples are machinery (which is not part of a building's mechanical system); furniture and furnishings, instructional and research equipment, athletic and recreational equipment; household, hospital, and library equipment; computer equipment, vehicles, and research vessels.

2. Guidelines

- a. A moveable equipment asset accountability unit (AAU) is defined as encompassing all components and/or subsystems as necessary for the asset to perform and function for an intended purpose or mission. The capitalization value of the AAU shall consist of the purchase price, and costs incurred to prepare the asset for its normal or intended use. These preparation costs include the cost of modifications, attachments, accessories, installation, transportation and taxes. Examples of AAUs are a lathe including all appurtenances and accessories; a research vessel including all ancillary shipboard equipment and subsystems; and material testing devices including any automated sensing and/or measurement recording apparatus.
- b. Moveable equipment fabricated or constructed by the institution for its own use shall be identified as an AAU. Each AAU shall include all direct costs (materials, purchased components and labor expenses).
- c. Capital lease moveable equipment shall be identified as an AAU. The capitalization value of the AAU shall be an amount equal to the present value at the beginning of the lease term of minimum lease payments during the lease term, excluding the portion of payments representing

executory costs to be paid by the lessor, together with any profit thereon. However, if the amount so determined exceeds the fair value of the leased property at the inception of the lease, the capitalization value shall be the fair value.

- d. Each AAU shall be identified, and a separate property record for each unit shall be established on the property inventory.
- e. Donated asset units which meet the criteria for capitalization shall be assigned a fair market value at the time the institution takes custody.
- f. Costs incurred for repairs and maintenance which either restore the moveable equipment AAU to, or maintain it at, its normal or expected service life or production capacity shall be treated as costs of the current period.
- g. Costs incurred subsequent to the acquisition, fabrication or lease of a moveable equipment AAU (i.e. betterments and improvements) with a unit acquisition cost of \$1,000 or more for tangible non-expendable and tangible personal property, shall be capitalized.
- h. Replacement of a component of a moveable equipment AAU where the component has a unit acquisition cost of \$1,000 or more, shall be capitalized.
- i. For moveable equipment acquired under a Federal agreement the asset record on the property inventory list shall provide a means to identify such assets so that the institution shall not include this AAU in any indirect cost pool or otherwise charge depreciation or use allowance during its life.