



FINANCIAL MANAGEMENT SERVICES

INDIANA UNIVERSITY

CAPITAL ASSET MANAGEMENT MANUAL

Accounting for Assets at Indiana University

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OVERVIEW

Mission

The mission of the University Capital Asset Office is to provide the highest quality service and guidance in asset management to university organizations. Our goal is to provide customers with timely, accurate asset information by implementing policies in a fair and consistent manner while fulfilling the financial recording and reporting requirements of the university. In addition, Capital Asset Management strives to achieve excellence in customer service by providing consulting services and training to support effective and efficient capital asset accounting, capital asset data management, and capital asset inventory management.

Objective

The purpose of Capital Asset Management is to help organizations utilize and effectively manage their assets. Several resources have been developed to that end. Pre-defined queries have been created for reporting, in the Indiana University Information Environment (IUIE), and asset maintenance documents for the transaction processing environment.

Custody

All assets located in the university-owned or leased buildings, purchased through the university financial system, or used in university operated research projects are deemed to be in the custody of the university, regardless of who ultimately retains title to this equipment. This includes equipment purchased with contracts, grants, or other monetary awards through Indiana University. The policy for Custody and Initial Physical Confirmation of Capital Movable Equipment can be found at the back of the manual in Appendix A.

The following are not considered to be in the custody of the University, and are excluded from the asset database.

1. Equipment acquired through external agency funds i.e., 97 accounts.
2. Equipment purchased with an individual's personal funds.
3. Equipment rented or leased from a vendor, unless the lease meets the capital lease rules outlined in the lease-purchase section.

Subscribe to mailing list

The University Capital Asset Management mailing list is used to communicate information regarding the Capital Asset Management System (CAMS), including the Indiana University Information Environment. Subscribing to this list is highly recommended.

To subscribe, go to the following URL: <http://www.fms.indiana.edu/cams/mail.asp>.

Contact Information

The University Capital Asset Management Office has a group e-mail list serve. Users can send their questions to the group e-mail list ensuring a prompt response.

CAPITALIZATION

Capitalization acknowledges that a transaction meets all criteria necessary to be a fixed asset of the university. Capitalization does not necessarily mean that the university will be responsible for tracking the individual asset or that the individual asset is subject to depreciation or amortization. Library books will not be tracked individually in the CAM System; however, the accumulated cost of these kinds of assets will be maintained in CAMS to coincide with the University General Ledger.

Listed below is the capitalization criterion for each asset category:

Art & Museum Objects

Art and museum objects are non-depreciable pieces purchased or donated to the university. Art and museum pieces shall be capitalized if the value is \$5,000 or greater. If a collection is greater than \$5,000 then it will be capitalized as a collection.

Bond Issuance

During the bonding process, bond issuance costs are incurred. These costs include underwriters' fees and insurance fees. All qualifying bond issuance costs are capitalized regardless of the dollar value.

Buildings

Expenditures per building for new construction, alterations, or renovations must be \$75,000 or greater to be capitalized. The costs per building project include expenditures related directly to their acquisition or construction. These costs include (1) materials, labor and overhead costs incurred during construction, and (2) professional fees and building permits. All direct costs incurred from excavation to completion are considered part of the building project.

Capitalization of signage for Buildings:

Signage that is part of a new building's construction or renovation and intended to be permanently attached is considered to be included as part of the total building project and capitalized if the total project cost is Seventy-Five Thousand (\$75,000) or greater.

Capital Asset Management considers signage to be permanently attached when removal of the signage would cause structural damage to the building, defacement to the property, damage to the sign and/or would require professional removal, such as the removal by a professional electrician.

Examples of signage in new building construction or renovations that could be permanently attached include:

- Major building identification signs placed inside the building structure at each major entrance which list departments, offices and floors.
- Wall-mounted directional signage which reinforces circulation within the building.
- Room number, name and occupancy signage.
- Exit and restroom signage.
- Dedication signage.

- Scoreboards, restaurant and menu signage that are permanently attached to the building structure.

If the total project cost for new building construction or renovations is not \$75,000 signage should be expensed.

If signage is purchased independently of a building project and meets the above criteria for permanently attached the cost of the signage must be \$75,000 or greater to be capitalized. If the cost of the signage alone is below \$75,000 the signage should be expensed.

Capital Lease

A lease-purchase is a contractual agreement conveying the right to use property, plant, or equipment usually for a stated period of time. A lease agreement involves at least two parties, a lessor and a lessee. The lessor agrees to allow the lessee to use the item for a specified period of time in return for periodic payments. There are two types of lease-purchases available; an operating lease and a capital lease.

An operating lease includes a lessor (vendor), who collects rent, and a lessee (the university), who uses the leased equipment and pays periodic rent for such use. The lessee (the university) merely uses the equipment and there is no transfer of ownership or any risk of benefit of ownership. A capital lease transfers substantially all of the benefits and risk inherent in ownership of the equipment to the lessee (the university). A "capital lease-purchase" is the act of acquiring assets by making periodic payments, which generally consist of principle and interest.

Infrastructure

Infrastructure assets are long lived assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The costs associated with infrastructure projects must be \$75,000 or more per project to be capitalized. An infrastructure project could include cost for (1) street improvements such as traffic, street and walkway lights, street signage and guard rails, (2) road and waterway construction such as roads, streets, highways, alleys, sidewalks, curbs, culverts, and bridges, (3) underground distribution and collection systems or (4) telephone communication systems.

Land

Land is non-depreciable property purchased by the university. There is no capitalization threshold as to the total cost spent for land.

All costs incurred in acquiring land or getting the land ready for its intended use should be considered as part of the land cost. These expenditures shall include (1) the purchase price, (2) closing costs such as title to the land, attorney's fees and recording fees, (3) costs incurred in getting the land in condition for its intended use, such as grading, filling, draining, and clearing, and (4) the assumption of any mortgages or liens. Any other land improvement shall also be considered a land capital expenditure if it increases the utility.

If both a building and land are purchased the cost of the land should be capitalized separately from the building cost.

Land Improvements

Capital land improvements are those items which have a life of their own exclusive of the land or building(s) and are considered betterments to the property. The cost of a land improvement project must be \$75,000 or more to be capitalized. A land improvement project could include cost for (1) yard improvements such as yard lighting, exterior lighting, fencing, gates and parking barriers, and (2) landscaping improvements such as parking lot lights, paths, fountains, sculpture gardens and athletic fields.

Capitalization of signage for Land Improvements:

Signage that is outside and not permanently attached to a building is considered a land improvement. Signage that is part of a land improvement project should be included in the total project cost and capitalized if the project cost is Seventy-Five Thousand (\$75,000) or greater.

Examples of signage that could be considered land improvements include the following permanently affixed signage:

- Identification signage which introduces and welcomes visitors to your campus or campus facility.
- Directional signage which offer motorists and pedestrians the direction and information they need to make their way around your campus facility and grounds. Directional signs are placed to offer quick help at intersections, through parking areas, and multiple building complexes.
- Signage located outdoors and not permanently attached to a building which identifies a building or locations on your campus.
- Parking lot signs which identify entrances and exits to parking lot facilities.
- Parking garage identification signage that is not permanently attached to the parking garage structure.
- Scoreboard Signage that is not permanently attached to a building structure and/or surrounded by an outside arena which includes football field scoreboard, a soccer field scoreboard, a swimming pool scoreboard or a tennis court scoreboard.

Signage included in land improvement projects with a total project cost of \$75,000 or greater should use the object code of the project.

Signage included in land improvement projects with a total project cost of less than \$75,000 should be expensed.

Leasehold Improvements

Leasehold improvements represent physical enhancements made to property by or on behalf of the university and can be made to property that is leased by the university. In these cases the university does not own the property, but has chosen to lease the property and to incur leasehold improvements. When improvements are made and those improvements are permanently affixed to the property, the title to those improvements transfer to the owner of the property at the end of the lease term.

To be capitalized as leasehold improvements, the total cost of the improvements to the leased space must be \$75,000 or more. The capitalized costs incurred by the university in constructing leasehold improvements represent an intangible asset or a license to use the improvements.

Library Books

All cataloged library acquisitions shall be capitalized. There is no capitalization threshold as to the total cost per unit. Departmental purchases of manuals or other professional guides not cataloged in the university library system will not be capitalized.

Movable Equipment

The term "equipment" includes delivery equipment, office equipment, machinery, furnishings, factory equipment, and similar fixed assets¹. Generally, equipment that is attached to a building is capitalized as movable equipment when removing the equipment does not cause structural damage to the building and will not destroy the equipment. An item must meet two specific criteria in order to qualify as a capital purchase. It must have (1) an acquisition value of at least \$5,000, and (2) a useful life expectancy of one year or greater.

Acquisition cost of movable Equipment:

1. Examples of service cost that can be capitalized with equipment purchases may include:
 - a. Cost of assembling the asset
 - b. Cost of installation
 - c. Freight
 - d. In-transit Insurance
 - e. Preparing the site and asset for its intended use
 - f. Training
2. When additional equipment is received on a purchase order at no cost, these items are considered gifts to the university. These gifts will be taken into consideration when assigning the unit cost of line items on the purchase order. The total quantity (including gifts) will be divided by the invoice amount. If the gift takes the unit cost below the capitalization threshold the expenses will be reclassified to supplies and expense.
3. Assets are recorded net of cash and other earned discounts. In addition, a trade-in allowance will result in the reduction of the acquisition value.

¹ *Intermediate Accounting* Ninth Edition Kieso & Weygandt page 502

The following are not considered capital equipment regardless of cost or useful life:

1. Repair or replacement parts. (See S&E object codes, for example, 4700- Repair & Maintenance or 4776 -Service Maintenance Contracts.)
2. An item or substance that has no shape or identity, or loses that shape or identify upon detachment or removal from its original location. (See S&E object codes, for example, 5200- Expendable Equipment.)
3. Maintenance and Warranty agreements (See S&E object codes, for example, 4776 - Service Maintenance Contracts.)
4. Software license agreements are not capitalized unless ownership is indicated within the license agreement. Software license agreements not indicating ownership should be expensed to object code 4616 - Computer Software Purchases.

Capitalizing Modular Furniture:

Modular Furniture is normally purchased in individual pieces on separate line items and then configured to make furniture. The normal practice is to capitalize only those line items that meet the capitalization threshold. Any furniture items that are not modular **and do not** meet the capitalization threshold will be recorded as supplies and expense (e.g., a conference table costing \$4,000 would not be capitalized). Mass purchases of furniture are not capitalized (e.g., the purchase of 100 beds with a unit cost of \$700).

An **exception** can be made for organizations that want to capitalize modular furniture components under the \$5,000 threshold. The components must create a furniture configuration for a given room location, and meet the \$5,000 capitalization threshold. If an organization wants to capitalize modular furniture, the line items must be assigned a capital object code. The organization must also indicate how many system assets they expect to create, and the location. This information can be communicated to Capital Asset Management using the *capital asset information collection document*. If no details are provided, a *general error correction document* is processed to move the expense to a supplies and expense object code.

Each organization will be responsible for inventorying its modular furniture assets. If the modular furniture asset is at some point reconfigured and components are surplus, please contact your Campus Capital Asset Office. They will separate the components that are surplus to retire the asset(s). If the associated purchase order has been archived and is not accessible, or it is not possible to determine the line item cost of the components the Campus Capital Asset Office can be provided with a percentage of the cost to separate and retire. The modular furniture asset will be considered an active asset as long as the remaining cost meets the capitalization threshold.

Capitalization of signage for Movable:

Signage that is not permanently attached to a building or permanently affixed outside of a building should be capitalized as movable equipment if the sign has an acquisition value of at least \$5,000 and a useful life expectancy of one year or greater.

Capital Asset Management considers signage to be movable when removal of the signage would not cause structural damage to the building, defacement to the property, damage to the sign and/or would not require professional removal, such as the removal by a professional electrician.

Examples of signage that could be considered movable include the following:

- Free Standing Signage not permanently affixed
- Marquee and/or Event Signage
- Roadside changeable letter signage
- Wall Signage not permanently attached to a building structure
- Scoreboards
- Restaurant and menu boards

Signage - movable with a unit cost of below \$5,000 should be expensed.

Movable Fabricated Equipment

Movable fabricated equipment is an asset created (built) by a university organization. A fabrication is not something that can be configured at a store or assembled (like a system) by the organization. The cost of individual components may be less than the capitalization limit; however, the finished, tangible asset must have a total cumulative cost that does meet the capitalization limit in order to be capitalized. Materials and **direct labor** used in the construction of the asset can 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. Items having an acquisition value of \$5,000 or more will be capitalized on their own merit if they are, or can be, stand-alone equipment (i.e., a computer, a power supply unit, etc.)

The term "Fabrication" is used in conjunction with movable equipment and should not be confused with building construction projects. Fabricated Equipment can be distinguished by anyone of the following characteristics:

- a. Original Development. The fabrication construction creates a one-of-a-kind piece of equipment that is built (designed) and assembled from individual parts.
- b. Original Components. The original components bear no relationship to the finished equipment and should be attached to, or internal to the finished equipment. The original components should not include equipment that can be used independent of the fabricated asset.

ASSIGNING THE CORRECT OBJECT CODE

The asset management system is driven by object codes; therefore, it is important to assign the correct object codes to capital transactions. In addition, notice that the object codes are segregated into asset categories. For reporting purposes, it is important that assets are not assigned object codes that cross asset categories. An asset should not have a payment with a capital equipment object code and a fabrication object code. An exception to this rule is capital equipment, computer equipment, and computer software.

In the case of federally funded object codes, a quick look at the account sub-fund will confirm whether or not a federal object code should be used. When a contract and grant account is coded with "FEDER": (sub-fund), a federal object code should be assigned. Table T shows objects codes segregated by funding.

Non-Capital Equipment Object Code Table

Cost	Object Code	Description
\$0-\$4,999	4616	Computer Software
*All	4616	Software License Agreements
\$0-\$4,999	5200	Expendable Equipment
\$0-\$4,999	5215	Expendable Computer Equipment

Note: * If the software license agreement indicates ownership at the end of a stated period and meets the university's capitalization threshold limit, object code 7016 should be used. If you are unsure whether or not your purchase should be expensed or capitalized, or whether ownership is indicated within your software license agreement, please work with your purchasing agent or contact Capital Asset Management.

Asset Category	Object Code University Funded	Object Code Federally Funded	Object Code Federally Owned	Object Code Other Owned
Capital Equipment	7000	7030	7031	7032
Computer Equipment	7015	7035	7036	7032
Computer Software	7016	7045	7046	7032
Equipment Gifts	7700	N/A	N/A	N/A
Found	7701	N/A	N/A	N/A
Transfers-in Capital Equipment	7700	7730	7731	7732
Lease-purchase Agreements	7099	N/A	N/A	N/A
Movable Fabricated Equipment	7500	7530, 7535	7531	N/A
Library Books	7100	7130	N/A	N/A
Films & Recordings	7157	7158	N/A	N/A
Library Books Gifts	7177	N/A	N/A	N/A
Land	7200	N/A	N/A	N/A
Land Demolition	7201	N/A	N/A	N/A
Land Improvements	7465	N/A	N/A	N/A
Building & Attached Fixtures	7300	N/A	N/A	N/A
Building - Professional Fees	7301	N/A	N/A	N/A
Building - Improvements	7303	7305	N/A	N/A
Building - Improvements Gifts	7377	NA	N/A	N/A
Bond Issuance	7329	NA	N/A	N/A
Infrastructure Improvements	7400	N/A	N/A	N/A
Wire Center Tele System	7401	N/A	N/A	N/A
Wire Closet Tele System	7403	N/A	N/A	N/A
Conduit Tele System	7404	N/A	N/A	N/A
Switch Room Tele System	7405	N/A	N/A	N/A
Contractual Tele System	7406	N/A	N/A	N/A
Land Improvements	7465	N/A	N/A	N/A
Land Improvements Gifts	7477	N/A	N/A	N/A
Construction in Progress	7550	N/A	N/A	N/A
Art & Museum Objects	7600	N/A	N/A	N/A
Art & Museum Objects Gifts	7677	N/A	N/A	N/A
Leasehold Improvements	7800	N/A	N/A	N/A
Leasehold Improvements Professional Fees	7801	N/A	N/A	N/A

Table T

SCREENING OF REQUISITIONS FOR FEDERALLY FUNDED

Requisitions for federally funded capital equipment will be screened prior to issuance of a purchase order to avoid duplication and unnecessary purchases of capital equipment. Federally funded capital equipment requisitions are those that will encumber funds provided by a federal sponsoring agency, the full amount of the purchase or any portion thereof. This includes non-federal agencies providing federal pass-through funds. The guidelines and responsibilities for completing the screening requirements are listed as follows.

1. A requisition for federally funded capital equipment having a unit cost of \$24,999 or less need not be screened.
2. A requisition for federally funded capital equipment having a unit cost of \$25,000 or more will be screened by the requesting school. The school must attach a memo to the purchase requisition stating that like or similar equipment item is not available for use by the Project Director.

A "Screening Report" is available in the IUIE reporting environment, which will assist departments in searching the university capital asset database for like equipment. From the Catalog Tab select Master Catalog. Next select the
Financial folder -> Capital Asset Management -> Screening

The report is available at the following web site:

https://uisapp2.iu.edu/ie-prd/GetParameters.do?tech_nm=IE_CM_SCREEN&ro_status=PROD&ro_ver_nbr=2&iePath=<MASTERFOLDER>/FINANCIAL/FDRS_FLD_0/20020501145653002109/IE_CM_SCREEN/

PREPARATION OF REQUISITION FOR CAPITAL EQUIPMENT

CAMS Tran Type

When movable equipment is purchased, Capital Asset Management requires information regarding the capital asset category or the type of addition (new/payment.) This is accomplished by selecting a "CAMS Tran Type". The *EPIC CAMS Document* is used to capture system and location information. Information is collected on how line items should be added together to create system assets.

CAMS Tran Type New

Select the "CAMS Tran Type" of **New** when you are purchasing a new capital asset. The transaction type of **New** will indicate to Capital Asset Management that the invoices should create new asset(s) in the university asset database. When line items are added together to create a system asset, these line items should also be assigned the **New** CAMS Tran Type.

CAMS Tran Type Modify Existing

The transaction type of “Modify Existing” is used to communicate that the line item purchased is a component of an existing asset. An existing asset is an asset that was previously created from another invoice, or purchase order and exists in the university asset database. The best test to determine whether “Modify Existing” is required is to question whether a line item will be added to another PO or invoice that has already been posted to the general ledger.

Business Rules for Modify Existing:

1. When components are added to an existing asset, the asset becomes a system. **System assets** are defined as components that work together to perform one function. These components must be necessary for the system to function as a whole. Removal of any one component would result in the system not operating at the required capacity or for the intended purpose.
2. A component can only be added to an existing asset that was purchased in the current fiscal year.
 - a. Any component costing \$5,000 or more that is part of a system purchased in a prior fiscal year must be created as a separate asset. Use CAMS Tran Type of "New".
 - b. Any component under \$5,000 purchased for an asset in a prior year should be expensed.
3. When a component of a system is \$5,000 or more and the life of the component differs from that of the existing asset the component should be created as its own asset. Use CAMS Transaction Type of "New".
4. The existing asset should be reviewed to ensure the asset category (i.e., movable, fabrication) matches that of the purchased component to be applied.

When selecting “Modify Existing,” the user will be expected to provide the asset number(s) to which the line items should be added. Use the “asset number 1” field to enter the asset number to which the line item cost should be added. If the quantity is greater than one, you can use the “Add Asset” button to insert more asset number lines.

CAMS Tran Type Fabrication

The transaction type of “Fabrication” identifies payments as construction in progress. A fabrication is a movable asset created (built) by a university organization. A *fabrication request document* generates the asset number that is required when the Fabrication “CAMS Tran Type” is selected. Therefore, the organization must submit a *fabrication request document* **prior** to any purchases.

CAMS Tran Type Capital Lease

Once it has been determined that a lease meets one of the four GAAP requirements, the user must select a “recurring payment” type. This will allow the user to select the “Capital Lease” transaction type. A capital lease will require the completion of the *asset information collection document*.

CAMS Tran Types for Services

Purchasing, Accounts Payable, and Capital Asset Management have collaborated to develop the procurement system to allow for the capitalization of services without requiring a quantity. Normally, services are paid in increments and are not assigned a quantity; however, the CAMS asset creation module does require a quantity. For this reason, new transaction types were added that identify services that can be capitalized. When these services appear on the requisition, selecting the appropriate “CAMS Tran Type” will allow the service to be coded as capital without requiring a quantity. This will allow for incremental invoicing on the service line item.

Listed below are the “CAMS Tran Types” for services:

1. Cost of assembling the asset
2. Cost of installation
3. In-transit Insurance
4. Preparation of the site and asset for its intended use
5. Training
6. Other Service

Freight, and Shipping and Handling charges do not have a “CAMS Tran Type;” however, they can be capitalized.

EPIC CAMS Document

The “CAMS Tran Type” of “New” or “Capital Lease” will require the completion of the *EPIC CAMS document*. This document is routed to the requisition initiator using workflow when the purchase order is approved.

Listed below are the three types of acquisitions (tasks) for capital purchases followed by the required information for each:

1. **The initial purchase of *individual assets*.** When the capital line items on a purchase order will create individual assets the initiator will click on the “Individual Asset” button.
2. **Purchasing line items to create *one system*.** For the initial purchase of a system the user may record line items as capital if the items work together to perform one function and the total cost of the system meets the capitalization requirements. Each of the line items must be necessary for the system to function. If all of the line items will be added together to create a system asset, the user will click on the “One System” button.
3. **Purchasing line items to create *multiple systems*.** If any of the line items are added together to create multiple system assets, the user selects the “Multiple System button.” The user is then prompted to enter information that communicates how the line items should be grouped to create system assets.

Completing the CAMS Document

The following information is required for tasks 1 and 2:

1. Capital assets at Indiana University are held as construction in progress and do not begin depreciation until they are placed into service as fully operational assets. The University Capital Asset Office has identified 4 conditions in which capital assets are held as construction in progress. If any one of the conditions is met the "**Not expected to be received in current FY**" should be checked.

a) The equipment will not be received within the current fiscal year, even if the payment is made prior to fiscal year end.

Capital assets may be purchased and invoiced in the current fiscal year but shipment does not take place until the next fiscal year. The best practice for identifying procurement orders not expected to be received in the current fiscal year is to determine the delivery date. The vendor should be able to provide an anticipated delivery date. If the vendor indicates your procurement order will not be received at IU until after June 30th of the current fiscal year your procurement order is not expected to be received in the current fiscal year and will be capitalized as construction in progress.

b) Partial payments (down payments) issued for the equipment.

Capital assets may be purchased and invoiced with a partial payment more commonly known as a down payment. The partial payment can be made at the time the purchase order is approved and before the capital asset is shipped. Partial payments can also be made over specified intervals before the capital asset is shipped. If a partial payment is made before the asset can be received the partial payment will cause the asset to be created as construction in progress until the asset is received and is fully operational.

c) Equipment has been received, but will not be placed into service.

Equipment that has been received, but will not be placed in service as a fully operational asset during the current fiscal year should be capitalized as construction in progress. This could occur when a piece of equipment is delivered at IU but cannot be installed in its current location due to the need for building modifications to allow for the appropriate use of the equipment. The equipment could be purchased under a warranty agreement in which the vendor has to install the equipment before the warranty is valid.

d) Assembling an asset.

When components are purchased to assemble an asset that will not be placed in service prior to fiscal year end the asset should be created as construction in progress. For example, a department may order computer networking equipment which must be assembled for the equipment to be fully operational. The computer networking equipment should not begin to depreciate until all components have been received and assembled so that the asset is fully operational.

If for any reason your capital asset remains idle and not placed into service as a fully operational asset upon receipt at IU the asset should be created as construction in progress.

The "Not expected to be received in current FY" should be checked on the CAMS Document if your purchased asset qualifies for any of the above conditions.

Checking this flag and clicking on the “update view” button will assign asset type code 40004. Asset type code 40004 identifies the capital asset as “in progress” until the asset has been received and is fully operational. The University Capital Asset Office uses the 40004 asset type code to generate a report to identify those assets which have not been received. When the capital asset is received and tagged the University Capital Asset Office will change the create date and assign the appropriate asset type code for that type of equipment at which time the asset will begin depreciating. The asset create date assigned will be the date that the asset was tagged.

2. The asset type code is required if "Not expected to be received in current FY" is unchecked. The asset type code assigns the useful life of the asset for depreciation purposes. For this reason, it is important that the most appropriate code is selected. A complete listing of asset type codes can be generated from the Asset Type Code report found in the Capital Asset Management Edit folder in IUIE.
3. If "Manufacturer is same as Vendor" is set to "Yes," the system will assign the manufacture. If "no" is the correct response, the processor must enter the manufacturer.

The following information should be entered in the “complex system description” for task 3 “Multiple System.”

1. The total number of systems to be created on this purchase order.
2. Indicate each of the line items added together to create a system.
3. Please include a description for the system assets, location, asset type codes, and the number of system assets you expect to be created.
4. If this purchase order should be combined with line items from another purchase order(s) please indicate the corresponding purchase order numbers.

For more information on completing the EPIC CAMS Document please see the follow url: http://www.fms.indiana.edu/cams/training_materials.asp and click on the “EPIC Training Guide for the CAMS Document.”

LEASE-PURCHASES

Characteristics of a Lease-purchase

The campus Purchasing Organization determines whether a lease-purchase qualifies as a capital lease. A lease or a rental agreement that meets any one of the following criteria should be treated as a capital lease by the University:

1. The lease transfers ownership of the property to the university by the end of the lease term.
2. The lease contains a written bargain purchase option.
3. The lease term is equal to 75% or more of the remaining estimated economic life of the property at the beginning of the lease term.
4. The present value of the minimum lease payments at the inception of the lease is 90% or more of the fair market value of the leased asset.

Setting up a Lease-purchase

Once a lease is determined to be a capital lease-purchase, a copy of the lease agreement, purchase order and amortization schedule must be sent to the University Plant Fund Accountant in Financial Management Services (FMS). It is important that the amortization schedule break out principal and interest from the total payment amount. The amortization schedule should clearly identify the percentage rate of interest used in the interest calculation. Please contact the Plant Fund Accountant when a lease agreement has been determined at 812-855-6557 to ensure that the capitalization process of the lease is handled correctly. If an organization is not sure whether an agreement is a capital lease or rental agreement, the Plant Fund Accountant can assist with that determination as well.

Interest expense should be applied to object code 4400 per the appropriate amortization schedule for the lease agreement. Interest expense should **not** be included in object code 7099. Object code 7099 represents the principle portion of the lease agreement only. Each campus is responsible for communicating to Accounts Payable, the requirement to distribute the lease liability payment between 4400 and 7099 per the amortization schedule by individual payment.

The capital lease liability and assets from a capital lease-purchase will be created on a *distribution of income/expense (DI) document*. IUPUI is responsible for the creation of this document for their campus. However, the Plant Fund Accountant will create this document for all other campuses.

Issuing a Requisition for a Capital Lease

When creating a capital lease requisition, it is recommended that you select the "Type of Recurring Payment" before entering the accounting lines. This will ensure the appropriate CAMS Tran Type "Capital Lease" is available for selection. The line item for the equipment should contain the quantity, manufacturer, model number, and a description of the equipment.

When a capital lease includes a bargain purchase option, it is recommended that the line items are entered on the requisition in the following order to assist accounts payable with the invoice processing:

1. Line Item 1 principle
2. Line Item 2 interest amount
3. Line Item 3 bargain purchase option

Completing the EPIC CAMS Document for a Capital Lease

A CAMS Tran Type of “Capital Lease” will require the completion of the *EPIC CAMS document*.

When using the “Individual Assets” task the user may enter a quantity on the location tab. Capital leases do not require a quantity on the requisition; however, entering the quantity on the *asset information collection document* will allow you to provide the campus, building, and room number for the equipment.

When a capital lease contains a bargain purchase option, it is recommended the user select the “One System” task when the requisition contains one line for equipment and one line for the bargain purchase option. Multiple equipment lines will require the user to select the “Multiple System” task. When using the “One System” or “Multiple System” tasks the Plant Fund Accountant requests the asset description be entered in the following format:

Description of asset, colon, the text “Capital Lease PO,” and the purchase order number.

Example: Toshiba E-Studio 28 Digital Copier: Capital Lease PO 25482.

Assigning an Asset Type code for equipment purchased on a Capital Lease

Asset type codes from 90001 to 90006 are reserved for capital leases where the equipment’s unit cost does not meet the university’s capitalization threshold. For **capital** lease-purchases where the unit cost of the equipment is **below the \$5,000** capitalization threshold, select the asset type code where the useful life matches the terms of the lease agreement.

For example, if the terms of the lease agreement are to make 36 monthly payments the asset type code should be 90003.

Type Code	Description	Life
90001	12 MONTH LEASE UNDER CAP THRESHOLD	1
90002	24 MONTH LEASE UNDER CAP THRESHOLD	2
90003	36 MONTH LEASE UNDER CAP THRESHOLD	3
90004	48 MONTH LEASE UNDER CAP THRESHOLD	4
90005	60 MONTH LEASE UNDER CAP THRESHOLD	5
90006	72 MONTH LEASE UNDER CAP THRESHOLD	6

Table U

Asset type codes from 90007 to 90012 are reserved for capital leases where the unit cost **is \$5,000 or more** and the lease agreement meets GAAP requirements **3 & 4**. Assign the asset type code with the useful life that matches the terms of the lease agreement.

For example, if the terms of the lease agreement are to make 36 monthly payments, asset type code “90009” should be assigned.

Type Code	Description	Life
90007	12 MONTH LEASE >= CAP THRESHOLD	1
90008	24 MONTH LEASE >= CAP THRESHOLD	2
90009	36 MONTH LEASE >= CAP THRESHOLD	3
90010	48 MONTH LEASE >= CAP THRESHOLD	4
90011	60 MONTH LEASE >= CAP THRESHOLD	5
90012	72 MONTH LEASE >= CAP THRESHOLD	6

Table V

When the lease agreement meets GAAP requirements **1 & 2**, the leased equipment must be depreciated using the **university’s useful life**. GAAP requirement number 2 is the bargain purchase option. For example, a copier purchased on a lease agreement meeting GAAP requirements **1 & 2** would be assigned an asset type from the university asset type code listing:

Type Code	Description	Life
07001	Copy Machine Small	3
07002	Copy Machine Large	5

Table W

Preparing a Distribution of Income/Expense (DI) Document.

The following example resembles a *distribution of income/expense document* for the creation of a capital lease liability involving the lease-purchase of only one asset. If multiply assets are purchased under a lease agreement, the appropriate number of DI’s will need to be issued. For details on how the DI is created for capital lease-purchases of multiple assets, please contact the University Plant Fund Accountant at 812-855-6557.

Expenditure records entered on *Distribution of Income/Expense Document (DI)*:

	Account Number	Object Code	Debit	Credit
From	9212700	7099		\$173,356.88
To	9212700	7000	\$173,356.88	

Table X

The 7000 and 7099 entries offset each other and have no affect on cash. The amount entered reflects the principle amount from which the asset and liability are created. General information, such as purchase order, principle amount, interest amount, and total payment amount, is entered in the description section of the document. When a 7000 (capital object) code is entered on the *Distribution of Income/Expense Document*, the pending asset information is required.

The distribution of income/expense will undergo the capitalization process once it is approved. The entries will occur in the appropriate 95XXXXX plant fund account assigned to individual organizations and responsibility centers.

Capitalization Entries (system generated):

Account Number	Object Code	Debit	Credit
9517000	9603		\$173,356.88
9517000	8610	\$173,356.88	

Table Y

In the example above, the capitalization entries set up the asset (offsetting entry to object code 8610) and the associated liability (offsetting entry to object code 9603) on the balance sheet. As future invoices are paid, a debit to object code 7099 for the principle amount will create a debit to object code 9603, thus reducing the outstanding liability for the lease. Upon completion of the lease, the liability should be zero.

Accounting for a Lease-purchase

The University Plant Fund Accountant maintains a capital lease Excel spreadsheet. General characteristics about all capital lease-purchases of the university are recorded in the spreadsheet. At quarter-end, the Capital Lease Transaction report detailing all capital lease transactions posted against object code 7099 is generated by the Plant Fund Accountant. The report is used to update the capital lease spreadsheet with the principle payment amounts incurred during the months of each quarter. As principle payments are entered, the spreadsheet calculates the remaining balance left to pay on the capital lease liability. The Plant Fund Accountant then reconciles the capital lease spreadsheet to the amortization schedules and to the general ledger by plant fund account for all campuses, including IUPUI.

TRADE-IN OF SIMILAR CAPITAL EQUIPMENT

University owned equipment may be offered for trade-in by your campus purchasing organization for similar equipment. The trade-in of similar capital equipment are assets that are traded in to obtain assets for the same general purpose, are the same general type, and are employed in the same line of business such as a computer for a computer.²

To be considered a trade-in of similar capital equipment the organization must give up something in return for a trade-in allowance. A trade-in allowance is a reduction to the total cost of a vendors invoice. If an asset is released to the vendor and no trade-in allowance (cost reduction) has been given the asset given up is not considered to have been traded in. The university considers the asset to be disposed of by the vendor and not a trade-in.

Processing the Requisition

On the requisition the user has the option to select which line items receive the trade-in allowance. Each line item has a check box labeled "Assigned to Trade-in." The user can "check" the line items to which the trade-in allowance should be allocated. Trade-in allowances are not allowed on orders issued through "Shop Catalogs" with-in EPIC.

² *Intermediate Accounting*, Kieso & Weygandt Ninth Edition, p. 512

The trade-in allowance must be assigned to the appropriate line items before Purchasing can approve the purchase order.

Trade-in allowances are entered in EPIC as a “below the line” item similar to freight.

1. The amount must be entered as a negative amount.
2. The description field is required.

When entering the trade-in allowance amount the initiator of the requisition will be given the opportunity to record the capital asset number for the asset being traded in. If the asset number is known the initiator should enter the asset number(s) involved with the trade-in. If the initiator does not know the asset number it can be found using the Financial Information System (FIS), using the Capital Asset Maintenance Screen. To find the asset the initiator will need the IU tag number, or the purchase order number for the asset being traded in.

Allocation of the Trade-in Allowance

Trade-in allowances are **allocated** in EPIC using the following business rules:

1. For **non-capital** purchases, the system will assign the object code, and account number(s) to match the line items selected to receive the trade-in allowance.
2. For **capital lease-purchases** the system will assign the object code to 7099, and the account number(s) to match the line items receiving the trade-in allowance.
3. For **capital equipment** the system will assign object code 7070, and the account number(s) to match the line items selected to receive the trade-in allowance. **Note:** The sub-object will not be carried forward on the trade-in accounting line.

Issuing an Asset Retirement for Assets Given in Trade

Entering the asset number(s) in EPIC does **not** automatically retire the assets. The department must issue an *asset retirement document* to remove the asset from the university asset database.

1. The asset retirement should be issued by the department when the vendor takes possession of the equipment.
2. The retirement reason will be set to “2” for Trade-in.
3. A note must be included to inform the capital asset department of the purchase order from which the new assets are being purchased.

Note: On occasion a vendor may offer to remove a piece of equipment at no cost. In this case, the equipment is not being traded—simply removed. These assets should be retired with the retirement reason of 4 – Discarded. Please be sure to enter a note on the asset retirement stating that no trade-in allowance was received and that the vendor was merely removing the equipment for your department.

For information on how to retire an asset please refer to the asset retirement training document at: <http://www.fms.indiana.edu/fis/documentation/docchart.asp>.

Accounting Entries for Trade-ins

When an asset is given up in trade and a trade-in allowance is received for the exchange a cost basis adjustment is needed to the asset(s) purchased. The organization received a benefit from trading in an existing piece of equipment. Therefore the new assets purchased should reflect the benefit received as a cost basis adjustment.

Generally the cost basis adjustment for the trade-in of similar capital equipment should be based on the fair market value of the asset given in trade. Due to the difficulty of determining the fair market value of the asset given in trade, the University Capital Asset Office will use book value of the asset(s) given in trade as the cost basis adjustment to the new assets purchased. The book value is the cost of the asset given in trade less the accumulated depreciation at the time of the assets retirement. The book value will be added to the cost of the newly purchased assets.

If the organization chooses to supply the University Capital Asset Office with the fair market value of the asset(s) given in trade, the fair market value will be used to determine the cost basis adjustment. The organization will be required to supply supporting documentation for the fair market value. Fair market value for the asset given in trade can be determined by references to the realizable value of similar assets that are sold for cash, quoted market prices, or independent appraisals.³

If the book value of the asset given in trade is \$50,000 or more, the University Capital Asset Office will require the organization to obtain the fair market value of the asset(s) given in trade.

Asset retirement for the trade-in of similar capital equipment.

Once the organization and purchasing have determined that an existing asset(s) will be traded in, and the asset(s) has been picked up by the vendor, the organization will need to issue an asset retirement document for the asset(s) traded in.

When issuing the asset retirement document the correct retirement reason code to use is 2 for Trade-in. A note needs to be included that will inform the University Capital Asset Office of the purchase order from which the new assets are being purchased on.

The asset retirement document will generate the following entries at the plant fund level:

Asset number 123356 retired as traded in	Account Number	Object Code	Debit	Credit
Loss on Disposition of Asset	9520000	4998	\$ 20,000	
Accum Depreciation – Equipment	9520000	8910	\$180,000	
Capital Equipment	9520000	8610		\$200,000

Please note: It is important that the asset being traded in is on the same plant fund account as the new asset being purchased. When the asset retirement document is issued it will route to the Plant Fund Accountant of the University Capital Asset Office for approval. The Plant Fund Accountant will review the plant fund number for the asset being retired against the plant fund number of the new purchase as indicated from the account assigned to the trade-in allowance. If the plant fund numbers

³ APB-29, par.25, *Accounting for Nonmonetary Transactions*.

are not the same the asset retirement document will be disapproved. The organization will be asked to issue an asset transfer document to the account of the newly purchased asset assigned to the trade-in allowance for the asset that is being traded in. Once the asset transfer document has been approved the organization can reissue the retirement document.

Accounting for the trade-in of similar capital equipment using book value as the cost basis adjustment.

When the purchase order has been fully invoiced and is closed the accounting process will begin. The calculations and entries that follow will be taken care of by the University Capital Asset Office. The following is presented for information purposes only.

For example, PO 155678 has been issued for a new printing press on line one with a purchase cost of \$750,000. Line one has been selected to receive the trade-in allowance. The trade-in allowance of \$130,000 has been indicated below the line item with asset number 123356 indicated as the asset traded in. The purchase meets capitalization requirements and uses object code 7000. The preq will post the following entry to the general ledger.

Description	Account Number	Object Code	Debit	Credit
Capital Equipment	1234567	7000	\$750,000	
Trade-in Capital Equipment	1234567	7070		\$130,000
Invoices Payable	1234567	9041		\$620,000
Capital Equipment	9520000	8610	\$750,000	
Fund Balance	9520000	9899		\$750,000
Capital Equipment	9520000	8610		\$130,000
Fund Balance	9520000	9899	\$130,000	

The Capital Asset Control Analyst will create the asset the next day when the PREQ appears in the Capital Asset Builder. The new asset number for this example is 187567.

Asset number 123356 has been retired as traded in with a book value of \$20,000. The cost basis adjustment to asset number 187567 is calculated as follows:

Step A: Compute the gain or loss from trade-in.

Asset Given in Trade 123346	
FMV of asset given in trade	\$20,000.00
Less BV of asset given in trade	\$20,000.00
Gain (Loss) on trade-in	\$ 0.00

Please note: No fair market value was given by the organization. In the above calculation FMV then becomes the BV of the asset given in trade.

Step B: Compute adjusted cost basis of asset(s) acquired.

List price of asset(s) acquired	\$750,000
Less trade-in allowance	\$130,000
Cash Paid	\$620,000
Plus BV of asset given in trade	\$ 20,000
Adjusted cost of asset purchase	\$640,000

Step C: Entry to adjust the cost basis of asset number 187567. A journal voucher will be used to adjust the cost basis of asset number 187567 as follows:

Description	Account Number	Object Code	Debit	Credit
Capital Equipment	1234567	7000	\$20,000	
Transfer of Funds – Revenue	1234567	9915		\$20,000
Loss on Disposition of Asset	9520000	4998		\$20,000
Transfer Out	9520000	9900	\$20,000	
Capital Equipment	9520000	8610	\$20,000	
Fund Balance	9520000	9899		\$20,000

The account number and object code used to adjust the assets cost is the account number and object code for the newly purchased asset. The asset retirement document generated a loss to object code 4998 for the asset that was traded in. The loss needed to be removed since no gain or loss was recognized from the asset that was traded in. The cost basis adjustment to the new acquired asset is the same amount as the loss to object code 4998. When the JV is issued and approved the loss to object code 4998 is removed and is applied as the adjusted cost basis to the new acquired asset.

Accounting for the trade-in of similar capital equipment using FMV to determine the cost basis adjustment.

If the FMV of the asset traded in is determined and reported to the University Capital Asset Office the FMV will be used to calculate the cost basis adjustment. When using FMV for the trade-in of similar equipment any gain on the exchange should not be recognized and any loss on the trade-in will be recognized. According to GAAP when similar equipment is traded for similar equipment the earnings process is not considered complete and a gain should not be recognized.⁴

Please note, if the book value of the asset being traded in is \$50,000 or more the University Capital Asset Office will require the organization to determine the FMV of the asset being traded in.

FMV of the asset(s) given in trade less the book value of the asset(s) given in trade equals a loss or gain.

FMV results in a loss.

Asset number 233567 has been retired as traded in with a book value (loss to 4998) of \$100,000. The organization was able to supply the University Capital Asset Office with a FMV of \$90,000 with supporting document for this value. The cost basis adjustment to the newly purchased asset is calculated as follows:

Step A: Compute the gain or loss from trade-in

Asset Given in Trade 233467	
FMV of asset given in trade	\$ 90,000.00
Less BV of asset given in trade	\$100,000.00
Gain (Loss) on trade-in	(\$ 10,000.00)

Step B: Compute adjusted cost basis of asset(s) acquired.

List price of asset(s) acquired	\$750,000
Less trade-in allowance	\$130,000
Cash Paid	\$620,000
Plus FMV of asset given in trade	\$ 90,000
Adjusted cost of asset purchase	\$710,000

⁴ *Intermediate Accounting*, Kieso & Weygandt Ninth Edition, p. 511

Step C: Entry to adjust the cost basis of asset number 187567. A journal voucher will be used to adjust the cost basis of asset number 187567 as follows:

Description	Account Number	Object Code	Debit	Credit
Capital Equipment	1234567	7000	\$90,000	
Transfer of Funds – Revenue	1234567	9915		\$90,000
Loss on Disposition of Asset	9520000	4998		\$90,000
Transfer Out	9520000	9900	\$90,000	
Capital Equipment	9520000	8610	\$90,000	
Fund Balance	9520000	9899		\$90,000

If the exchange transaction involves similar equipment and results in a loss the loss is recognized. The FMV of \$90,000 less the book value of \$100,000 resulted in a loss of \$10,000 that needs to be recognized. The retirement of asset number 233467 generated a loss of \$100,000. The loss generated from the retirement of the asset given in trade needs to be adjusted down to \$10,000. When the journal voucher above is approved the loss to object code 4998 is reduced by \$90,000 on the plant fund account which will bring the true loss from the trade-in to \$10,000. The cost basis adjustment to asset number 187567 will increase the assets cost by \$90,000.

FMV results in a gain.

Asset number 233567 has been retired as traded in with a book value (loss to 4998) of \$100,000. The organization was able to supply the University Capital Asset Office with a FMV of \$110,000 with supporting document for this value. The cost basis adjustment to the newly purchased asset is calculated as follows:

Step A: Compute the gain or loss from trade-in

Asset Given in Trade 233467	
FMV of asset given in trade	\$110,000.00
Less BV of asset given in trade	\$100,000.00
Gain (Loss) on trade-in	\$ 10,000.00

Step B: Compute adjusted cost basis of asset(s) acquired.

List price of asset(s) acquired	\$750,000
Less trade-in allowance	\$130,000
Cash Paid	\$620,000
Plus BV of asset given in trade	\$100,000
Adjusted cost of asset purchase	\$720,000

Step C: Entry to adjust the cost basis of asset number 187567. A journal voucher will be used to adjust the cost basis of asset number 187567 as follows:

Description	Account Number	Object Code	Debit	Credit
Capital Equipment	1234567	7000	\$100,000	
Transfer of Funds – Revenue	1234567	9915		\$100,000
Loss on Disposition of Asset	9520000	4998		\$100,000
Transfer Out	9520000	9900	\$100,000	
Capital Equipment	9520000	8610	\$100,000	
Fund Balance	9520000	9899		\$100,000

If the exchange transaction involves similar equipment and results in a gain the amount of the gain is not recognized. The FMV of \$110,000 less the book value of \$100,000 resulted in a gain of \$10,000. This gain will not be recognized. The retirement of asset number 233467 generated a loss of \$100,000. Since there is a gain and no actual loss, the loss generated from the retirement of asset number 233467 will need to be removed and added as the cost basis adjustment to the new acquired asset. When the journal voucher above is approved the loss to object code 4998 is removed on the plant fund account and no gain has been recognized. The cost basis adjustment to asset number 187567 will increase the assets cost by \$100,000.

Assigning the Object Code on Capital Requisitions with a Trade-in

The net book value of the asset given in trade may also determine which object code should be used on the purchase of the new equipment.

Example – Asset given in trade: Toro Greenmaster asset number 377304 with a net book value of \$1,425.83

New Asset Purchased

Line	Qty	Description	Unit Cost	Assign to Trade-in
1	1	Groundsmaster Mower	\$4,700.00	yes

Trade-in allowance - \$1,000

The Plant Fund Accountant processes a journal voucher to increase the cost of the asset by the net book value of \$1,425.83. After final approval of the journal voucher, the new cost of the asset will be \$5,183.25. In this example, a capital equipment object code is assigned.

EQUIPMENT PURCHASED FOR RESALE

When capital equipment is purchased with the intent to resell it to other university organizations, the initial purchase should be made using object code 5323, "equipment for resale," on the requisition. An FIS *internal billing document* must be processed, using the appropriate 7XXX object code, to record the sale of equipment to another university organization. The basic information required to create an asset is listed below.

1. When selling equipment purchased for resale, select the "Create New Asset" button after entering the 7XXX object code on the *internal billing document*.
2. Enter the following information on the "Enter Pending Asset Information" screen. Fields with an (*) are required.

*Quantity	*Vendor	*Asset Type	*Manufacturer
Model Nbr	*Description	*IU Tag Nbr	Serial Nbr
*Campus	*Building	*Room	Subroom

Notes:

1. Notice that the IU Tag number is a required field. If an IU Tag Number has not been assigned, the capital letter "U" can be entered in the IU tag field. This will set the IU tag to "null" when the asset is created. For additional information on using capital object codes on financial documents please consult "Using Movable Capital Equipment Object Codes in Financial Documents." A copy of the document is available at the web site: <http://www.fms.indiana.edu/fis/documentation/docchart.asp>.
2. In cases where equipment was purchased using a *capital* object code, an asset will already exist in the asset database. When selling an *existing asset*, the appropriate transaction to record the sale is a *transfer of funds document*.

RE-CLASSIFY AN EXPENSE TO CAPITAL

On the rare occasion that an item is expensed incorrectly in the current fiscal year, the *general error correction document* can be used to reclassify the expense to capital. In the case of movable equipment object codes, it must first be determined whether the transaction will create a new asset or modify an existing one. If the option to "Modify an Asset" is selected, a separate *general error correction document* must be processed for each asset. Each transaction must apply to the account/object code amount for a given asset.

It is important to remember that CAMS houses many asset categories (i.e. art, buildings, bond, infrastructure, land, leasehold improvements, library books and movable equipment.) These groups are further defined into non-movable and movable assets. Art, buildings, bond, infrastructure, land, leasehold improvements, and library books are considered non-movable assets.

Due to the limitations of CAMS, each financial document (i.e., *general error correction, distribution of income/expense, cash receipt, service billing, internal billing, and the procurement card documents*) processed can affect only one asset.

A. Create an Asset

1. Select the “Create new asset” button after entering the 7XXX object code on the *general error correction document*.
2. Enter information on the “Enter Pending Asset Information” screen. The following information should be entered on the “Pending Asset Information” screen. Fields with an (*) are required fields.

*Quantity	*Vendor	*Asset Type	*Manufacturer
Model Nbr	*Description	*IU Tag Nbr	Serial Nbr
*Campus	*Building	*Room	Subroom

Table AA

Note: Notice that the IU Tag number is a required field. When an IU Tag Number has not been assigned the capital letter “U” should be entered in the IU tag field. This will set the IU tag to null when the asset is created.

B. Modify an existing asset

After determining the number of assets affected by the financial transaction the user will know how many documents must be processed.

1. Select the “Modify an Asset” button after entering the 7XXX object code on the *general error correction document*.
2. On the “Modify an Asset” screen, enter the IU tag number or asset number and tab. If you know the IU tag number or asset number, you can go to the capital asset lookup screen by clicking on the search button. From here you can select the lookup by purchase order. On the Assets to be Updated screen, once you have saved, you should be returned to the *general error correction document*.

When a financial document is used to move expenses between asset categories, the transaction must be processed in a manner that will allow Capital Asset Management to record the transaction correctly in the university asset database.

Reclassifying expenses from non-movable to create a movable equipment asset.

After entering a capital equipment object code, the system will prompt the user to choose whether: (a) the transaction will modify an existing asset or (b) to create a new asset to move an expense from a non-movable (building) category to movable equipment. The movable asset will be created with the payment record created from the “TO” line of the financial document and the information collected from the “Pending Asset Information” screen. The “FROM” line will apply a negative payment to the non-movable asset. While this rarely occurs, processing the transaction correctly allows Capital Asset Management to appropriately group the assets for reporting purposes. Selecting the “Modify Existing” option would apply the “TO” and “FROM” lines on the financial document to the non-movable asset, and no movable equipment asset would be created.

Reclassifying expenses from movable equipment to create a non-movable asset.

When reclassifying expenses from movable equipment to create a non-movable asset, select the “Modify Existing” option. This action will retire the movable equipment asset, and create an addition under the non-movable category. This works because non-movable assets are created outside of the asset creation module. Non-movable additions are created from a summary report generated from general ledger transactions. Non-movable assets are created manually using the *add asset document*.

Moving expenses between assets.

Because of system limitations, a capital transaction can only be applied to one asset; therefore, anytime it is necessary to move expenses between assets at least two documents must be processed. For example to reclassify an expense from a movable equipment asset to a fabricated asset, the first document must take the expense from capital. This can be done by temporarily moving the expense using a supplies and expense object code. The next document will re-capitalize the expense to the correct asset. Using the two documents will ensure that the transaction will retire the asset from which the expense was taken, and allow the transaction to be posted to the correct asset or create a new asset. Otherwise, the movable equipment asset would remain active and the fabricated asset will include the negative payment record that should have retired the movable asset.

For additional information on using capital object codes on financial documents, please refer to “Using Movable Capital Equipment Object Codes in Financial Documents” at the following URL:
<http://www.fms.indiana.edu/fis/documentation/docchart.asp>.

GIFTS, TRANSFER-IN, AND FOUND EQUIPMENT

Gifts of Capital Assets

Gifts of capital assets occur either by a donation to an Indiana University organization via the IU Foundation, or through a direct donation to an organization.

The University Capital Asset Office will create gifts received through, or reported to, the Indiana University Foundation. These gifts fall into two categories: 1) gift-in-kind, and 2) foundation purchases. The Indiana University Foundation collects and records information regarding gifts through the IU Gift Office. The Gift Office compiles a list with pertinent information and sends it to the University Capital Asset Office, where it is reviewed to determine which items meet the capitalization criteria, and the appropriate assets are created. The organization in receipt of the gift(s) is contacted to get the necessary information to create the asset(s) (i.e., account number, location information).

IU Foundation Purchases

Indiana University Foundation receives cash contributions. Those cash contributions are distributed, according to donor intent, into IUF departmental accounts. These contributions are used to purchase items by IU departments through IUF departmental accounts. By the 10th of each month IUF Accounts Payable prepares and sends to Capital Asset Management a gift spreadsheet of purchases made through Foundation departmental accounts.

The gift spreadsheet describes the purchased items and includes the following information:

- a. Date of Acquisition
- b. Cost
- c. Vendor
- d. IU Foundation Account Number
- e. Department Name
- f. Account Manager
- g. Account Supervisor
- h. Request Prepared by
- i. Phone number
- j. IU Account Number
- k. Description of purchase

If the gift meets the university’s capitalization rules CAMS will create the gift asset using an Add Asset Document from the information presented on the gift spreadsheet (see CSOP 1.0 Capitalization Rules). The date of acquisition from the gift spreadsheet will be used as the create date of the gift asset. The description of purchase is used as the asset’s description. If the IUF purchase is for a building or building improvement the asset description will be the building name per Bureau of Facilities. The IU account number listed on the gift spreadsheet is taken from the check request form submitted to IUF by the organization. This account number is not always appropriate to use during

capitalization of the gift asset. CAMS Capital Asset Control Analyst will contact the organization to confirm the appropriate account number to record the gift asset.

The Add Asset Document will be routed to the account Fiscal Officer or Account Delegate for approval. If the account number or other information is incorrect the Fiscal Officer or Account Delegate needs to disapprove the document and enter the correct information in the notes. According to the notes, CAMS will recreate the asset.

Gift-in-Kind

IUF receives non-cash contributions from donors. In order to record the gift on the donor record, gifts of personal property should be reported to IU Foundation Gift Administration via the Gift-in-Kind Transmittal form. The Gift Administration Office forwards copies of the Gift-in-Kind Transmittal form by the 10th of each month to the University Capital Asset Office. IUF will require the donor to provide an appraisal if they determine the amount to be \$5,000 or greater.

Upon receipt of the Gift-in-Kind form CAMS will review and create gifts assets for those meeting the university's capitalization rules (see CSOP 1.0 Capitalization Rules). The information presented on the Gift-in-Kind Transmittal form is used in creating the asset from an Add Asset Document. The account number presented on the Gift-in-Kind form will be used to create the asset. CAMS will not contact the department to verify this account number. Therefore it is important for the Fiscal Officer or Account Delegate to confirm that the account number is correct before approving the Add Asset Document. On the form the date received indicates the date of physical delivery to IU and will be used as the assets create date.

Gift-in-Kind forms do contain donor information. When CAMS creates the asset from the Gift-in-Kind form donor information will not be used to protect the privacy of the donor.

Gifts given to an organization directly

If an organization receives a gift directly, IU requires the organization to contact IU Foundation Gift Administration to request a Gift-in-Kind Transmittal form or print the form directly from the Foundation business website located at the following URL https://iufbusiness.iu.edu/policies/gift_admin/gift-in-kind.html.

Retirement of Gift Assets

IU must report information to the IRS about dispositions of charitable deduction property made within two years after the donor contributed the property. When a gift asset is retired within two years of the creation date, IRS Form 8282, Donee Information Return, must be processed. Each quarter Capital Asset Management will run an asset retirement analysis. Any gift assets retired within two years will be reported to IUF Gift Administration. Upon notification, IUF will complete the IRS Form 8282, send a copy to the IRS and to the donor. The 8282, Donee Information Return can be obtained and viewed from the IRS web site at the following URL <http://www.irs.gov/>.

Transfer-in Capital Assets

Transfer-in capital assets are those received from an external organization (usually another university) or government surplus. For example, a professor transferring to Indiana University may bring equipment from Harvard University. Whether an organization receives equipment through a transfer or from government surplus, the equipment list should be sent to the University Capital Asset Office. Those assets that meet the capitalization criteria will be added to the university asset database via the *add asset document*. The asset will be recorded with an acquisition type of "T" for transfer-in.

When equipment purchased on a grant account is transferred to Indiana University, a secondary account created by Contract and Grant Administration. The following information will be needed to create the secondary account:

- Account number
- Name of the Professor
- University name the equipment is transferring from
- Grant Number

If the transferred-in asset was not purchased on a contract and grant account, the receiving organization will be contacted by the University Capital Asset Office to get the account number in which the addition should be recorded. Once the account number has been determined the *add asset document* can be created.

Various object codes are used depending on the type of transfer. Equipment transfers for federally-funded assets should be recorded in object code 7730, and object code 7731 is used for federally owned. Otherwise, the asset is considered a gift and should be recorded in object code 7700 with an acquisition type of "G" for gift. See <http://www.fms.indiana.edu/fis/documentation/docchart.asp> for additional information on adding assets.

Creating a Transferred in Asset

Information the University Capital Asset Office will need to create the assets:

- a. account number
- b. quantity
- c. vendor
- d. manufacturer
- e. description
- f. serial number
- g. original acquisition date, and original cost, or fair market value When using the fair market value we will need you to provide three sources that confirm the fair market value.
- h. date equipment was received by IU
- i. campus, building and room

Found Capital Equipment

Found capital assets are those that were retired in error, or incorrectly coded as non-capital when purchased in a prior fiscal year.

Before creating an asset the organization should search the capital asset system to ensure the equipment does not already exist. The asset may not be listed under your department it may be on another departmental inventory, or created as found on another account. Checking the EPIC system is also important because the invoice may not have been received or may be on hold. For invoices on hold University Capital Asset Office will create these assets when the invoice is paid or the held invoice is released. If you are not sure an asset should be created please contact the University Capital Asset Office at (asset@indiana.edu).

For equipment purchased in the current fiscal year if the object code was assigned incorrectly, a *general error correction document* should be issued to correct the object code. The GEC will result in the creation of the asset.

Contract and Grant accounts normally do not close out at year end. Assets purchased in a prior fiscal year on a Contract and Grant may require a *general error correction* instead of issuing an *add asset document* as found.

Contract and Grant Administration should be consulted before any action is taken. If a general error correction cannot be issued the asset will need to be created as found using the *add asset document*; however the department will need to supply a general fund account number to be used when creating the asset. Found assets can be recorded in any active account your organization deems appropriate; however, a contract and grant account should **never** be used to create a “found asset.” For more information, contact your FMS Contract and Grant analyst.

Creating a Found Asset

Found assets are created at the net book value or fair market value.

The add asset document requires:

- j. owner account
 - k. asset type code
 - l. vendor
 - m. acquisition type code must be ‘F’ found
 - n. description
 - o. payment account
 - p. object code must be ‘7701’
 - q. amount
 - r. campus, building and room
- and must meet with the fiscal officer’s approval.

A step-by-step training document “Add Asset” can be found at the following web site:

<http://www.fms.indiana.edu/fis/documentation/docchart.asp>

NON-CAPITAL ASSETS

Non-capital assets may be added to CAMS using the *add asset document*. These transactions do not create accounting entries. Non-capital assets are identified in the university asset database using the inventory status of “N” for non-capital. Non-capital assets do not have the same data requirements as capital equipment. Any item costing less than the capital asset threshold may be added as non-capital equipment. For information on creating non-capital assets please review the “Non-Capital Asset” training document at the following URL: <http://www.fms.indiana.edu/fis/documentation/docchart.asp>

FABRICATIONS

Fabricated equipment is defined as an asset that is constructed by the university. Fabrications of movable equipment allow organizations to capitalize expenditures that are necessary to build a piece of equipment. Although the term “project” may apply to building improvements and renovations, the term “fabrication” is not synonymous with research projects. For example, a grant may be given to a researcher for the purpose of completing a specific project that will require that several movable capital assets be fabricated. Each asset requires the creation of an FIS *fabrication document* with an assigned asset number. A fabrication asset number should not be assigned to the grant or project, as there may be more than one asset involved.

Fabrications can be distinguished by anyone of the following characteristics:

Original Development. The fabrication construction creates a one-of-a-kind piece of equipment that is built (designed and assembled) from individual parts.

Original Components. The original individual components bear no relationship to the finished asset and should be attached to, or internal to the finished equipment. The original individual components should not be equipment that can be used independently of the fabricated asset.

Setting up a Fabrication for Movable Equipment

A fabrication request document generates the asset number that is required when entering a requisition for fabricated equipment and selecting the Fabrication “CAMS Tran Type”. Therefore the organization must submit a fabrication request document prior to any purchases. A fabrication request document helps to ensure that costs are applied to the appropriate object code and to the proper fabrication asset number.

The Fabrication document requires:

- s. account
 - t. campus
 - u. building code
 - v. description
 - w. room number
 - x. asset type code must be 40000 (Construction in Progress)
 - y. estimated completion date
 - z. estimated life
 - aa. estimated cost
- and must meet with the fiscal officer’s approval.

Preparation of a Requisition for Fabricated Equipment

When fabricated equipment is purchased the Capital Asset Management System requires asset information regarding the fabricated purchase. This is accomplished by selecting the "CAMS Tran Type" of Fabrication. When issuing a requisition the "CAMS Tran Type" can be accessed from the "Items" tab. From the "Item" tab click the line item "Edit" button. From the "CAMS Tran Type" pull down menu select "Fabrication." Selecting a transaction type of Fabrication will require input of the fabricated asset number obtained from the issuance of the fabrication request document. The asset number will ensure that all payments are applied to the correct fabricated piece of equipment. The requisition will require the use of the correct fabricated equipment object code. Reference Table

The CAMS Tran Type of "Fabrication" identifies payments as construction-in-progress. The fabrication asset number will be required on the purchase order.

Fabrication of Movable Equipment is substantially complete

The fabricated asset will remain as construction in progress until Capital Asset Management is notified that the asset is substantially complete and ready for its intended purpose. When the fabrication is **completed** the organization will complete a Certificate of Substantial Completion for Movable Fabrications and assign the "date of substantial completion."

Definition of Date of Substantial Completion: The Date of Substantial Completion of the Work or designation portion thereof is the Date certified by the Principal Investigator when the construction is sufficiently complete, in accordance with the Award or Contract Documents, so the Owner can utilize the work or designated portion thereof for the use for which it is intended, as expressed in the Award or Contract Documents.

By assigning the substantial complete the organization has communicated to the University Capital Asset Office that the asset is ready for its intended use and therefore ready to begin depreciation.

Closing a fabrication will require an IU tag be attached to the asset.

The Certificate of Substantial Completion for Movable Fabrications form can be printed from the following web site: <http://www.fms.indiana.edu/cams/policies/MovableFab.PDF>.

FEDERAL OR OTHER OWNED

Federally owned and other owned assets are created in the university's asset database for inventory tracking purposes.

When the title to equipment remains vested in the Federal Government, State of Indiana, or other external institutions the equipment is considered federal or other owned.

Federal and other owned assets are currently not depreciated and are not included on the university's financial statements. These assets may later be capitalized and subject to depreciation if title to the equipment or software is subsequently transferred to the university.

Contract and Grant Administration reviews new purchases to ensure the correct object codes are assigned.

At the termination of the award, grant, or contract, Contract and Grant Administration will contact the granting agency to inquire if the title will transfer to IU, or if the equipment will be returned to the Federal Agency, State of Indiana, or other external institution.

Transfer Title from Federal or Other Owned

Procedures:

- 1. Equipment returned to Federal Agency, State of Indiana, or other external institutions.**
- 2. Transfer Title from federally owned, and other owned to Indiana University.**

1. Equipment returned to Federal Agency, State of Indiana, or other external institutions.

If title is not relinquished to the university, the granting agency or owner of the asset will forward a letter designating where the equipment is to be shipped. This information is sent to the university organization holding the equipment. The organization has the responsibility of shipping the equipment to its new destination, and initiating an Asset Retirement Document.

Procedures:

- a. Once the equipment has left the university the organization must initiate an Asset Retirement Document using the retirement reason of "External Transfer".
- b. The Asset Retirement Document will require the name of the institution or non-profit agency the equipment will be returned to when the award, grant or contract is terminated.

For information on how to process an Asset Retirement reference the CAMS: Asset Retirement training document at the following URL: http://www.fms.indiana.edu/fis/documentation/asset_retirement.pdf.

2. Transfer Title from federally owned or other owned to Indiana University.

Procedures:

If the title is relinquished to the university then the title is transferred to Indiana University, as stated below:

- a. When title is transferred to Indiana University Contract and Grant Administration will notify the University Capital Asset Office that the title has been transferred.
- b. To record the relinquishment of title in the university asset database the federal or other owned asset will be retired. A new asset will be created to record the transfer in of the asset to the university's inventory.

Retirement:

- a. Upon notification of the title transfer the University Capital Asset Office will retire the asset with a retirement reason of "Title Transfer".
- b. The University Capital Asset Office will ensure the government tag is removed from the equipment.
- c. If the book value or fair market value is below the capitalization threshold the University Capital Asset Office will require that the organization remove the university's tag (yellow bar code label).

Create New Asset:

- a. Before a new asset is created the University Capital Asset Office will contact the organization to determine if the asset has a remaining useful life. If the asset is determined to be of no value a new asset will not be created, and the asset should be disposed of in accordance with purchasing disposition policy. This will require a retirement document to be issued by the organization.

(See P 14.0 Disposal and Redistribution of University Property)

- b. If the asset does have a remaining useful life the asset will be created as a transfer in to the university.

Generally the acquisition value of a transfer-in should be based on the fair market value of the asset. Due to the difficulty of determining the fair market value of assets, the University Capital Asset Office will use book value of the asset(s). The book value will be calculated using the original acquisition date and the useful life assigned to the asset.

If the organization chooses to they can supply the University Capital Asset Office with the fair market value for the asset(s). The organization will be required to supply supporting documentation for the fair market value. Fair market value for assets can be determined by references to the realizable value of similar assets that are sold for cash, quoted market prices, or independent appraisals.⁵

- If the book value or the fair market value meets the university's capitalization threshold a capital asset will be created.
 - If the book value or the fair market value is below the university's capitalization threshold a non-capital asset will be created.
- c. The University Capital Asset Office will initiate the Add Asset Document to create the capital or non-capital asset and record the title transfer to Indiana University.

⁵ APB-29, par.25, *Accounting for Nonmonetary Transactions*.

- The University Capital Asset Office will contact the organization to get the departmental account number that should be used to create the asset.
- The original account number will be entered in the org type field, and the original asset number in the organization text field to create an audit history.
- On the Add Asset Document a capital or expendable equipment object code will be used that denotes the addition is from a title transfer.
- On the Add Asset Document the acquisition type must be set to “S” Cptl transfer-in Federally/Other Owned.

Title Transfer Object Codes:

Object Code	Description
7702	Capital Equipment Title Transfer
7715	Capital Computer Equipment Title Transfer
7746	Capital Software Title Transfer
5201	Expendable Equipment Title Transfer

TAGGING CAPITAL EQUIPMENT

Tagging movable capital equipment

To comply with state and federal standards movable capital equipment must be tagged. (Reference U.S. Office of Management and Budget: Circular A110)

Movable capital equipment in the custody of Indiana University must meet two specific criteria in order to qualify as a capital purchase. It must have (1) an acquisition value of at least \$5,000.00 and (2) a useful life expectancy of one year or greater.

Procedures for tagging movable capital equipment:

1. The Indiana University tag number must be attached to the asset within thirty days (30) of asset creation, and the information updated in the Capital Asset Management System. The capital asset tag is yellow.

If the asset cannot be tagged within thirty days (30) a note should be entered in the Org Text Line, after opening the asset in the Capital Asset Management System, on the (1) Tag an Asset screen or (2) Capital Asset Maintenance screen indicating why the asset can't be tagged and the approximate tagging date.

See Pre-Asset Tagging and Tag an Asset Training Material at the following url:
http://www.fms.indiana.edu/fis/documentation/pre_asset_tagging.pdf.

2. The tag should be placed on a flat surface near the manufacturer's logo unless it is attached to a removable component or is inaccessible for inventory purposes. In either case, the tag should be placed in a visible, permanent location since it will be scanned.
3. If it is not possible to tag the item due to its size, number of components, or delicate nature (i.e. microscope objectives, etc.), then a capital letter "N" should be placed in the tag

number field of the Asset Tagging screen in the Capital Asset Maintenance System to indicate that the asset cannot be tagged. In addition, the inventory status should be set to "C" Active and Non-accessible.

When assets cannot be tagged because they are internal to an existing asset a note should be entered in the Org Text Line indicating the tag number or asset number the internal asset was installed into. The Org Text can be entered on the Tag an Asset screen in the Capital Asset Management System.

4. Any asset that adds to an existing system and cannot be used independently should be merged into the primary asset.
5. Capital assets are created based upon information from the Electronic Procurement and Invoicing Center (EPIC). In some instances, EPIC information may not provide a clear indication that there is more than one asset being purchased. This usually occurs when purchases are made in "bundles" as is the case with mass purchases of computer equipment. Physical inspection of the asset(s) upon tagging will confirm the need to separate it into the correct number of assets. Upon notification by the department, the University Capital Asset Office will issue an asset separate to create the correct number of assets.
6. Reviewing a capital asset for tagging should include verifying that the asset type code matches the type of movable equipment being tagged. The asset type code chosen will assign a useful life to the asset which will set the depreciation of the asset. A listing of asset type codes is available at the following url:
<http://www.fms.indiana.edu/cams/training/Asset%20Type%20Codes.pdf>.
7. Reviewing a capital asset for tagging should include verifying its description in the Capital Asset Management System to make sure the asset can be correctly identified.
8. When movable capital equipment is taken to Surplus Stores the yellow capital asset tag should remain on the equipment and an Asset Transfer Document initiated in the Capital Asset Management System within thirty days (30) of the asset having been sent to surplus.

For more information on Surplus Stores procedures see the Material Stores web-site at the following url: web-site at: <http://www.indiana.edu/~surplus/>.

Tagging of federally owned equipment

Federally owned capital assets in which title is vested in the Federal Government must be tagged with a Federal Government tag and a yellow university capital tag. These assets will appear on the tagging report with the following object codes: 7031, 7036 or 7046. When an asset has a government owned object code you will be contacted by the University Capital Asset Office to coordinate the tagging of the government equipment.

Tagging of capital leased equipment

When one FAS 13, Accounting for Leases, capitalization criterion has been met a capital leased equipment asset will be created and tagged as follows:

1. If the unit cost is \$5,000 or greater the asset will be tagged with a yellow tag.
2. If the unit cost is below \$5,000 the asset will not be tagged.

Tagging of movable non-capital equipment

Movable non-capital equipment in the custody of Indiana University must have an acquisition value of less than \$5,000. Movable non-capital equipment may be tagged at the discretion of the organization. However, the University Capital Asset Office does not require that movable non-capital equipment be tagged.

Tagging of movable non-capital equipment

1. Movable non-capital equipment may be tagged with (1) tags purchased from the University Capital Asset Office or (2) a tag purchased by the organization if the tag has been approved by the University Capital Asset Office.
2. The tag should be placed on a flat surface near the manufacturer's logo unless it is attached to a removable component or is inaccessible for inventory purposes. In either case, the tag should be placed in a visible permanent location since it may be scanned.
3. If it is not possible to tag the item due to its size, number of components, or delicate nature (i.e. microscope objectives, etc.), then a capital letter "N" should be placed in the tag number field of the Asset Tagging screen in the Capital Asset Management System to indicate that the asset cannot be tagged.
4. Non-capital assets should be taken to Surplus Stores. However, non-capital assets do not require an asset transfer document to be issued. The white non-capital asset tag or the organizations tag should be removed when taken to Surplus Stores.

Replacement and removal of inventory tags

Procedures for the replacement and removal of inventory tags:

1. When movable capital assets are taken to Surplus Stores the yellow capital asset tag should remain on the equipment.

Note: the white non-capital asset tag or the organization's tag should be removed when assets are taken to Surplus Stores.

2. Missing tags found during the inventory process or at any other time for both movable and movable non-capital equipment should be replaced on the equipment with a new tag. The tag number should be changed on the Location Maintenance screen within the Capital Asset Management System.

SEPARATE AN ASSET

When tagging equipment it may be discovered that one asset was created, but that the asset is really two or more items that should be separated as individual assets. Assets are created based upon information from the Accounts Payable System. In some instances, the information may not provide a

clear indication that more than one asset was purchased. This usually occurs when purchases are made in "bundles," as is often the case with bulk purchases of computer equipment.

Procedures:

1. Contact the Campus Capital Asset Office. They will split the original asset into the appropriate number of assets.
2. The Campus Capital Asset Office will need to know how many assets should be created and the unit cost for each item.

MERGE AN ASSET

The merge an asset function is used to combine assets that work together as a system. The merged asset(s) are retired with a retirement reason of "M" for merged, and the payments added to the target asset. If an asset can be used independently it should not be merged.

If it is determined upon physical inspection that two or more assets have been created that should be combined (merged) into one asset, the asset representative must contact the Campus Capital Asset Office to process the merge. The department must provide the following information:

1. Why the asset needs to be merged.
2. IU tag number the asset will be merged into.

For example, a microscope is often purchased as different line items on the purchase order. When a line item is invoiced separately it is created as an asset unless communicated differently on the *EPIC CAMS document*. The procedure for merging assets is as follows:

The following conditions must be met before the assets can be merged.

1. The merged asset must result in a true system and meet the university capitalization threshold for movable equipment.
2. Only assets with the same depreciable life can be merged.
3. Only assets that were created within the **same** fiscal year can be merged.
4. Assets that are federally owned should not be merged into assets that are university funded or federally funded.

Description	Object Code
Capital Equipment Fed Owned	7031
Computer Equipment Fed Owned	7036
Computer Software Fed Owned	7046
Transfer-in Capital Fed Owned	7731
Movable Fabricated Fed Owned	7531

An asset can have multiple types of funding. An asset may be created with payments that are both university-funded and federally-owned monies. This practice is acceptable. However, if a federally-owned object code appears on a payment, the asset cannot be merged into a university funded, or federally-funded asset.

5. The target asset, or the asset to be merged, may have pending transactions. An asset merge should not be issued until all pending transactions for both the target asset or the asset to be merged has been approved. To confirm whether or not pending transactions exist, go the Capital Asset Maintenance screen and click on the Document button. If there are any pending transactions they can be viewed here.
6. An in-progress fabricated asset cannot be merged to a completed fabricated asset. An in-progress fabrication is identified by the asset type of 40000. In-progress fabrications, using asset type code of 40000, currently are not depreciating. A completed fabrication has an asset type other than 40000. It is important to only merge in-progress fabrications assets with other in-progress fabrications.
7. Different asset categories such as movable equipment and fabricated equipment should not be merged together. Therefore a completed fabricated asset should not be merged into a completed movable equipment asset. An in-progress fabricated asset should not be merged into an in-progress movable equipment asset.
8. The owner account on the asset to be merged should match the owner account of the target asset. If they do not match, an *asset transfer document* must be processed on the asset to be merged, to match the owner account of the target asset. Once the asset transfer is fully approved, the asset can be merged.
9. The target asset must be an active capital asset in FIS.

If it is believed an asset should be merged that does not meet the outlined conditions, please contact the [Campus Capital Asset Office](#).

PHYSICAL INVENTORIES

Movable capital assets are transportable equipment in the custody of Indiana University having an acquisition value of \$5,000 or more and a useful life expectancy of one year or more. Physical inventories are completed to secure university assets, and assist organizations with effective management of capital equipment. The inventory process is an essential part of ensuring compliance with federal requirements, including the mandate to perform an inventory once every two years. The federal government's Office of Management and Budget governs Indiana University. Its official documents entitled, Circulars A110, and A-21 can be found at: <http://www.whitehouse.gov/OMB/circulars/index.html>.

In conjunction with these federal requirements, Indiana University has an institutional policy regarding physical inventories at: http://www.fms.indiana.edu/cams/policies/physical_inventories.asp. To ensure compliance, the State Board of Accounts selects an audit sample from the university files on an annual basis. In addition, federal agencies regularly request equipment lists for auditing purposes.

Each organization is responsible for conducting a physical inventory of those assets capitalized under their organization code in the FIS. The inventory is completed using a Trakker® (a handheld computer with a scanner) provided by the Capital Asset Office, and used to scan the IU tag number affixed to capital movable equipment.

Procedures:

1. The Campus Capital Asset Office will contact the organization's inventory representative to schedule the inventory date and make arrangements to deliver the Trakker®. The scheduled inventory start date for any organization will be no later than the average number of days given to reconcile the inventory plus one week prior to June 30th.

During the inventory process the department should look for untagged equipment that does not appear on the inventory list. An untagged asset not appearing on the list could mean that the asset does not currently exist in the university asset database.

Untagged Assets not on Equipment List:

2. If an untagged asset having a value of \$5,000 or more is found, and is **not** on the departmental equipment list, the inventory representative should report to the item to the Campus Capital Asset Office. The Campus Capital Asset Office will need to know how the equipment was acquired by your organization (i.e., Gift, Transfer-in, IU Purchase, etc.)
 - a. Gifts
Gifts of capital assets occur either by a donation through the IU Foundation or by a direct donation to an organization. The University Capital Asset Office creates gift assets from reports received from the IU Foundation. If a gift asset is not currently on the departmental inventory it must be determined whether the gift has been reported to the IU Foundation.
 - b. Transfers-in
Transfer-in capital assets are those assets received from an external organization (unusually another university) or government surplus. The following information is required by the University Capital Asset Office to create the assets:
 - a. Account Number (owner account)
 - b. Source of Acquisition

- c. Manufacture
 - d. Description
 - e. Location (campus, building, room)
 - f. Fair Market Value
 - g. Payment Account Number (this account will have income/expense posted to it)
 - h. IU Purchase
- c. If the equipment was purchased through the IU procurement system the purchase order number must be provided in order to research the item. It is possible that the equipment was expensed incorrectly when purchased. Assets that were expensed incorrectly in a prior fiscal year are added to the asset database as "Found." If the error occurred in the current fiscal year a *general error correction document* can be processed to correctly capitalize the asset. Another possibility is that asset was retired in error. If this is the case, the retired asset will be re-created as Found only if the asset has a net book value greater than or equal to the capitalization threshold. If the net book value is below the capitalization threshold, the IU tag will be removed and the asset will not be created.

Untagged Asset on Equipment List:

3. If an asset is missing the IU tag number, contact the Campus Capital Asset Office to acquire a new tag for the equipment. The tag number can be updated on the "Locating Maintenance" screen in the FIS. Retrieve the asset number and enter the new tag number in the field titled "New IU Number." Be sure to click on the save button before exiting the screen.

After the Trakker® is returned to the Capital Asset Office, two reports may be generated:

- a. **Bar-code Error Document** – identifies problems encountered during the scan. When uploading the Trakker® file, any records that do not pass validity checks against the asset database are sent to an inventory error document. This document is normally forwarded to the organization for processing.
 - b. **Inventory Reconciliation Report** – lists equipment not scanned. Inventory reconciliation is the process of completing a physical inventory by resolving assets not scanned, or unable to be scanned by the Trakker®. The report will include items generated from the inventory error document that were not resolved before the reconciliation report was run. When these assets are located, the Capital Asset System can be updated using the "Location Maintenance" screen or the "Capital Asset Maintenance" screen in the FIS.
4. Each organization must process the reconciliation report and return the signed inventory certification letter to the Campus Capital Asset Office prior to June 30th.

The Inventory Reconciliation Report will include assets listed on the Bar-code Error Document that have not resolved. All necessary updates to resolve the reconciliation report must be processed in the FIS, the certification letter signed by the department head, and returned to the Capital Asset Office within the specified time schedule (see Table AA).

Example "Latest Possible Start Dates" for Fiscal Year 2007:

Total Number of Assets in Inventory	Number of Days to Reconcile Inventory	Latest Possible Start Date
1-100	15 days	June 4
101-500	30 days	May 14
501-2,000	60 days	April 2
2,001-Over	90 days	February 19

Table AB

ASSET TRANSFER

The *asset transfer document* is used to change the ownership and inventory responsibility of an asset. When an asset transfer is processed, the account amounts on the payment records are reversed out of the current chart and organization (balance sheet) and added to the chart and organization (balance sheet) to which the asset is being transferred. The owner account on the asset record is changed to the receiving organization.

Procedures:

1. After the transfer has been agreed upon by both organizations, then either organization may process the transfer document. The current owner will retain responsibility until the receiving organization's fiscal officer approves the transfer document. We suggest that the transferring organization contact the receiving organization to ensure that the item is transferred into the appropriate account.
2. To complete the transfer, you will need to fill in the account number that is receiving the transfer, the campus code, the building code, and the room number of the new location.
3. When there is an *interdepartmental sale of equipment*, a *transfer of funds document* must also be processed in addition to an *asset transfer document*. The *transfer of funds* will move the monies, and it is the only document that will not create a duplicate asset. The *asset transfer document* will move the asset to the new owner department.

On the *transfer of funds document* use the following object codes:
Transfer-in (Contra Expense) object code (9915) Transfers of Funds –Revenue
Transfer-out (Expense) object code 9970 Transfers of Funds -Capital

4. Approvals of both the account manager for the transferring account and the receiving account are required. If one of the account managers is not an active FIS user, then the document will be routed through the Capital Assets Office to secure adequate documentation.

Note: Processing a *general error correction document* does not change the owner account of an asset. Changes to funding are reflected on the payment records. To change an asset's owner account, an *asset transfer document* must be processed.

For additional information on the treatment and disposal of property please see the Surplus Property web page at <http://www.indiana.edu/~purchas/property.shtml>.

The disposal of surplus equipment at Indiana University is governed by Institutional Policy P -14.0, which provides the procedures by which IU departments should dispose of such equipment. See the complete policy at <http://www.indiana.edu/~purchase/policies/p140.html>.

Organizations must use an *asset transfer document* whenever equipment is taken to surplus. It is important to know what assets your department has and when to let go of them. Be sure to send unused equipment to Surplus Stores. Capital Asset Management recommends printing the *asset transfer document* and taping it to the surplus asset. Asset transfers should be issued within 30 days of the equipment leaving the department.

Computer equipment may not be disposed of by placing it in the trash. For environmental reasons the equipment should be transferred to surplus. If the equipment cannot be resold, it will be treated as computer waste and disposed of properly by surplus. See the complete Sale of Computer Equipment policy at <http://www.indiana.edu/~purchase/policies/p141.html>.

As technology ages it loses value and becomes a burden to the department and the university. Technology assets may still have market value, which could bring revenue to your department if it is no longer being used. It is important to dispose of unused equipment while it still has market value. This includes desktop computers, laptops computers, printers, and other office equipment.

Sale by IU Surplus Stores:

Proceeds from the sale of technology assets, minus a handling fee, will be deposited into an account designated by the originating department for that equipment which remains intact (includes the hard drive) and has been properly prepared by the department for resale. This includes the requirement of having restored the equipment to the original configuration with the operating system installed and having removed all other data and software applications from the computer.

Transfers to Surplus Campus Contacts

Contact your local campus surplus operations if you have questions about how to dispose of your surplus items or need an item pick up for sale or disposal.

Bloomington Campus:

Contact Materials Management for pickup at 812-855-2475
Bloomington Surplus Web Site: www.indiana.edu/~surplus

Processing an *asset transfer document* to Bloomington Surplus (Materials Management):

- a) Set the receiving account number to **6615800**.
- b) Set the campus code to **Bloomington**.
- c) Set the building number to **BL615**.
- d) Set the room number to **127**

East Campus

Contact:

Margie Santner at 765-973-8233

Web Site: www.iue.edu/it/surplus.asp

Indianapolis Campus

The organization must submit an IUPUI surplus form. The form requires the following information:

- a) Date the pickup is needed

- b) Location of the equipment
- c) Organization name
- d) Account to be charged (when required)
- e) Date of request
- f) Contact Name
- g) Contact phone number
- h) Quantity
- i) Item description
- j) Is it in working condition? Yes/NO
- k) Identifying #, University tag number if available

This form can be faxed to Tally Thrasher @ 278-1707 or the information can be e-mailed to Tally Thrasher at tthrasher@iupui.edu. A copy of the form can be found at the following URL : http://www.purchasing.iupui.edu/pdfs/Surplus_Pickup_Form.pdf.

Surplus does pickups once a week (generally on Tuesdays) and will work with the organization to get surplus property moved out in a timely manner. For more information regarding IUPUI Surplus see the IUPUI Purchasing web site at: <http://www.purchasing.iupui.edu/surplus/index.cfm>.

Processing an *asset transfer document* to IUPUI Surplus (Purchasing):

- e) Set the receiving account number to **1274204**.
- f) Set the campus code to **Indianapolis**
- g) Set the building number to **IN341**.
- h) Set the room number to **103**

Kokomo Campus

Contact:

Eva Howe 765-455-9233

Northwest Campus

Kevin Richwalski 219-980-6713

South Bend Campus

Tom Westerhof 574-520-4399

Southeast Campus

Melissa Hill 812-941-2359

ASSET RETIREMENT

Before disposing of equipment, consider an asset transfer. Throughout the IU System, there is a considerable variety of equipment, furniture, and other items that are under-utilized or simply not used at all. An effort should be made to share this surplus and move unused items to a place where there is a need within the university. A mailing list has been established to allow the circulation of information related to available surplus equipment within the university community. All organizations are welcome to list items they wish to sell, trade, or donate to other organizations. They may also solicit items they need. The organization selling an item is responsible for establishing the price, and negotiation with other organizations. Any organization moving equipment identified with an IU tag, or the equipment that is listed on their organizational inventory is responsible for processing an *asset transfer document* to update the asset files. A governing principle for this surplus mail list is that university property may

only be given to or sold to other IU organizations. Individuals may not use this service for disposing of personal property or soliciting property for their personal use. Only IU personnel may use this mail list. To post messages to the surplus listserv, compose a message in any e-mail system, and send it to: redistribution@purchase.indiana.edu.

The *asset retirement document* is used for assets that have been permanently removed from the university. Once the equipment leaves the university it is important that the retirement transaction be performed in a timely manner. When an asset is retired it is removed from the financial records. For this reason it is important to verify that the correct asset number is being retired. This retirement process is used to comply with Indiana University institutional policies—purchasing policy numbers P-14.0 and P-14.1. The U.S. Office of Management and Budget also governs the University Capital Asset Office (see Circular A110 at: <http://www.whitehouse.gov/OMB/circulars/index.html>).

Note: For environmental reasons computer equipment cannot be disposed of by placing it in the trash. Computer equipment should be sent (transferred) via *asset transfer document* to surplus for proper disposal.

Procedures:

1. The fiscal officer and the University Capital Asset Office must approve the retirement document. Also, to be consistent with university policy, the approval of the campus' Purchasing department is required for retirement reasons of "gift" and "sold."
2. The campus IUPD case number is required when using the retirement reason of "theft."
3. Indiana University allows faculty members to transfer capital assets to another university or non-profit organization with the proper approvals. Research equipment that costs \$5,000 or more and is purchased from external funds is often given special consideration due to the uniqueness of the project director's research. Therefore, the university will allow faculty members leaving the university to take equipment purchased from research funds awarded to them, so long as they are transferring to another educational institution or nonprofit organization, and so long as they receive approval from their department chairperson, and dean of the school. Title to the equipment will be transferred to the new institution. Transfer of equipment purchased with university funds can be accomplished only with the reimbursement to the university for the net book value or fair market value of the equipment, whichever is greater. If the items are fully depreciated, the university must be reimbursed for 10% of the original purchase price. The external institution name is required when using retirement code 9 – external transfer. Refer to policy financial policy III-70.
4. The name of the individual or institution receiving the gift is required when using the retirement reason of "gift."
5. The name of the individual or institution making the purchase is required in addition to the selling price when using the retirement reason of "sold."
6. When selling equipment at auction the buyer's name and the sale price must be provided.

Additional procedures for sold equipment

The *cash receipt document* is used to deposit cash from the sale of equipment into an Indiana University account. The income object code will depend on the original funding of the equipment.

Description of Item	Income Object Code
Sale of non-capital equipment	1523
Sale of university funded capital equipment	1871
Sale of federally funded capital equipment	1872
Sale of federally owned capital equipment	1873
Proceeds from sale of capital equipment	1898

Table AC

Retirement Reasons:

Code	Reason	Description
A	Auction	a) The campus surplus departments use this reason to identify equipment sold at auction. b) When an asset is not transferred in a timely manner to surplus the department should also use the retirement reason of "A". This will allow the Capital Asset Office to accurately analyze surplus equipment.
1	Sold	University-owned equipment may be offered for sale by the campus Purchasing Department, or the organization may sell the equipment with the permission of their campus Purchasing Department. The name of the buyer and selling price is required on the <i>asset retirement document</i> .
2	Trade-in	The organization retires equipment that was traded in on a new purchase. The retirement should be issued when the vendor takes the equipment. A note should be included on the retirement document identifying the purchase order number for the new equipment.
3	Lost	Equipment should only be retired using this code after every effort has been made to locate the equipment. The department should include a note on the document summarizing the efforts made to locate the asset.
4	Discarded	Equipment may only be disposed of by under specific guidelines established by the University Purchasing Department. Reference Purchasing Policy P14.1 Sale of Computer Equipment, and P14.0 Disposal and Redistribution of University property.
5	Cannibalized	Parts of the equipment have been used to upgrade or repair other equipment. When equipment is cannibalized the IU tag number should be removed from the equipment.
6	Gift	Equipment given to an external institution or organization. Authorization from the campus Purchasing Department must be obtained before making a gift of equipment.
7	Theft	Theft of capital equipment must be immediately reported to the campus Police Department. The police case number is required on the <i>asset retirement document</i> .
8	Destroyed	Equipment that is damaged beyond repair and has been disposed of by the organization.

Code	Reason	Description
9	External Transfer	Retirement documents must be processed for equipment going to another university or nonprofit organization.

Table AD

Additional retirement reasons used exclusively by the University Capital Asset Office

Code	Reason	Description
0	Credit	The University Capital Asset Office must retire equipment returned to the vendor, which results in the organization receiving a credit or refund.
B	Batch Retirement Ast Purchased <= 7/1/96	The retirement reason used to identify assets retired that were purchased before or on July 1, 1996 that had a total cost of less than \$1,000.
C	Check Canceled	This retirement reason identifies assets that were created but were cancelled later.
D	Batch Retirement Ast Purchased > 7/1/96	The retirement reason used to identify retired assets that were purchased after July 1, 1996 having a total cost of less than \$1,000.
E	Asset Created in Error	This retirement reason is used exclusively by the University Capital Asset Office to retire assets created in error.
F	Batch Retirement Ast < \$5000.00 FY 2003	A retirement reason used to identify assets retired in fiscal year 2003 that were under the \$5,000 capitalization threshold. These assets are now identified as non-capital.
H	Retirement of Control Assets	This retirement reason is used exclusively by the University Capital Asset Office to retire control assets.
J	General Error Correction	The Capital Asset Office uses this code exclusively to indicate those assets retired by a general error correction process.
M	Merged	The retirement reason used to identify assets that were merged into another asset.
P	Plant Fund Retirement	The retirement reason used by the plant fund accountant to retire library books and capital-lease assets that are under the capitalization threshold, or capital-lease assets that meet GAAP requirements 3 & 4. These are the only capital assets in the university asset database that are retired once they are fully depreciated.
S	Asset Separated Retirement	Assets with 10 or more payments must be manually separated by the University Capital Asset Office. This retirement is used to identify manually separated assets.

Table AE

For further information, consult the asset retirement training document at:

http://www.fms.indiana.edu/fis/documentation/asset_retirement.pdf

EQUIPMENT LOAN/RETURN

Initiation of the Equipment Loan/Return Document is **required** when capital equipment is borrowed from Indiana University for more than thirty-one (31) days, and the equipment resides at a location which is not directly associated with the university. The document must be completed **before** the equipment is removed from the campus.

In accordance with IU policy, equipment may be loaned for a period of two years or less, and the loan document must be completed within thirty (30) days of the loan. If the equipment is not returned at the end of two years a new Equipment Loan/Return Document must be processed to extend the loan.

Equipment located at an off-campus **institutional** site does not require an Equipment Loan/Return Document. An off-campus institutional site refers to any school or institution associated with Indiana University, i.e., equipment located at the Bloomington Hospital. The off-campus address must be entered on the Capital Asset Maintenance screen within the Capital Asset Management System.

The Equipment Loan/Return Document allows organizations to issue loan documents for non-capital assets. However this requires that the organization has created the non-capital asset within the Capital Asset Management System.

Procedures for Processing an Equipment Loan/Return Document:

1. Initiating the Equipment Loan/Return Document:

- a. Three events must occur before the Equipment Loan/Return document is initiated: 1) the asset must be created in the asset database, 2) the IU tag must be attached to the equipment, and 3) the tag number must be entered into the Capital Asset Management System via the Tag an Asset screen.
- b. On the Equipment Loan/Return Document once the asset number has been entered or retrieved the system will require the following:
 - **Borrower id**
 1. The borrower id entered on the loan document must be the person responsible for the equipment. Normally this will be the faculty or staff member in possession of the equipment.
 2. If the borrower is not an active FIS user the system will require the user to check "Signature on File" check box.
 - **Expected Return Date**

The Expected Return Date must not exceed two years.
 - **Borrower's address**

The system will require the user to enter the borrower's address (personal residence). To access the borrower's address screen click on the "House" button.

If the equipment is located at the borrower's personal residence the user will only need to complete the borrower's address. If the equipment is not located at the borrower's personal residence then the second address (stored at address) should also be completed.
- c. When initiating the Equipment Loan/Return Document the "return date" should be left blank.

2. Initiating a new Equipment Loan/Return Document to extend a loan:

- a. To extend a loan, a new Equipment Loan/Return Document must be processed. After entering an asset number or selecting an asset number from the Capital Asset Lookup Screen notice that the **Borrower ID**, and **Expected Return Date** information is retrieved. You will also notice a button titled "Renew Loan".
- b. Clicking on the "Renew Loan" button will create a template of a return document. A new document number will be assigned by the system, thus creating the return document. You will also notice that the return date has been entered.
- c. Clicking on "OK" will route the return document FYI to the normal routing path. After clicking on "OK" notice that the document number has changed back to the document number assigned when the Equipment Loan/Return document, was first opened.
- d. Enter a new Expected Return Date.

3. Initiating a new Equipment Loan/Return Document to return the equipment to the university:

When the equipment is returned to Indiana University, a new Equipment Loan/Return Document must be initiated to signify the equipment is no longer "on loan" and has been return to the university. In this case the user will only need to enter a return date after retrieving the asset number on a new Equipment Loan/Return Document.

4. Approvals:

- a. If support staff initiates the Equipment Loan/Return Document for the borrower, the document will route to the borrower for an electronic signature. If the borrower is not an active FIS user the initiator must secure the borrower's signature and check the appropriate box signifying they have the signature on file in the department.
- b. In addition, the borrower's signature (approval) the Equipment Loan/Return Document requires the approval of the fiscal officer or delegate. When a loan is extended the (return) document will be sent FYI to the normal routing path, and the document to extend the loan will be routed for approval.

5. Responsibilities:

The organization making the equipment loan will be responsible for:

- a. Tagging the equipment before it leaves the premises.
- b. Initiating the Equipment Loan/Return Document.
- c. Performing the physical inventory of the equipment.
- d. Keeping accurate inventory records of equipment on loan for a period less than thirty-one (31) days.

The borrower will be responsible for:

- a. Obtaining proper approval for equipment on loan. If the borrower takes the equipment without proper authorization and there is a loss, the borrower will be personally responsible for replacement of the equipment.
- b. The timely return of equipment or the completion of an Equipment Loan/Return Document to extend the loan for an additional two years.
- c. Upon request the borrower may be required to return the equipment to the organization for inventory or audit purposes.

6. Insurance Coverage:

University equipment is covered by Risk Management with a \$1,000 deductible. This includes equipment off campus. Any concerns regarding insurance should be directed to Risk Management.

For further information, consult the Equipment Loan training document at the following web site:
<http://www.fms.indiana.edu/fis/documentation/docchart.asp>

ACCOUNTING CAPITALIZATION PROCESS OVERVIEW

Examples of the Capitalization Process

Account 1020000 purchases a computer under object code 7015 for \$5,000. Object code 7015 has a financial object code sub type of "CM"; therefore, the asset is capitalized using object code 8610 (see table above). Account 1020000 belongs to the Vice President/Chancellor/General Administration organization and is assigned an organization plant fund account number of 9520074 and a campus plant fund account number of 9520000. Because a movable capital item is being purchased, the capitalization process posts entries to the organization plant fund account number, 9520074. The following entries will be generated:

Actual Purchase from Purchase Order:

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
1020000	7015	COMPUTER EQUIPMENT	\$5,000.00	
1020000	8000	CASH IN BANK		\$5,000.00

Table C

Capitalization Process (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9520074	8610	CAPITAL EQUIPMENT	\$5,000.00	
9520074	9899	FUND BALANCE		\$5,000.00

Table D

As a result of the above entries, account 9520074 now shows \$5,000 of capital equipment on its balance sheet, and account 1020000 has incurred a capital expenditure on its operating statement. In the 9520074 account, an offset of \$5,000 was posted to object code 9899 to balance the entry.

Accounting Entries Generated by CAMS

CAMS generates four types of financial transactions that are posted to the General Ledger to properly assist with the management of the university's assets. They are referred to as asset retirements, asset transfers, add an asset, and depreciation expense. These will be identified by the document types of "AR", "AT", "AA", and "DEPR" respectively. With one exception, all entries generated by these four processes are posted to 95 plant fund accounts. Only when gift or found equipment is entered on the *add asset document* will entries be posted to an individual operating account. In this case, offsetting

entries will get posted to income (object code 1175) and expense (7XXX), which has no affect on cash or fund balance.

Accounting Entries for Asset Retirement (AR)

Retirement entries will only affect balance sheet and income statement object codes within the 95 plant fund. The investment cost (capitalized under 86XX), the accumulated depreciation (recorded under 89XX) and the residual (book value) to gain/loss on disposition of assets (object code 4998) of the asset will be recorded in the General Ledger. Cash will not be affected by the retirement of an asset.

Example: Account 1912610 purchases a desk under object code 7000 for \$5,000. Object code 7000 has a financial object code sub type of “CM”; therefore, the asset is capitalized using object code 8610 (see table above). Account 1912610 belongs to the FMS organization and was assigned an organization plant fund account number of 9510092 and a campus plant fund account number of 9510000. Because a movable capital item is being purchased the capitalization process will post entries to the organization plant fund account number, 9510092. The following entries are then created:

Actual Purchase from Purchase Order:

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
1912610	7000	Capital Equipment	\$5,000.00	
1912610	8000	Cash in Bank		\$5,000.00

Table E

Capitalization Process (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9510092	8610	Capital Equipment	\$5,000.00	
9510092	9899	Fund Balance		\$5,000.00

Table F

Now let’s retire the asset using the *asset retirement document* in CAMS. Assuming no depreciation has been recorded for this asset, the entries are:

Retirement Entries (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9510092	4998	Gain/Loss Disposition of Assets	\$5,000.00	
9510092	8610	Capital Equipment		\$5,000.00

Table G

This entry reverses the original capitalization process, removing the asset from the 95 account’s balance sheet. If the asset were half depreciated, the accumulated depreciation would need to be removed and the entry would have been:

Retirement Entries (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9510092	4998	Gain/Loss Disposition of Assets	\$2,500.00	
9510092	8910	Accumulated Depreciated Equipment	\$2,500.00	
9510092	8610	Capital Equipment		\$5,000.00

Table H

Accounting Entries for Asset Transfers (AT)

Transferring an asset to another organization within the university will only affect balance sheet object codes within the 95 Plant Fund. The capitalized cost, the accumulated depreciation and the residual fund balance will be removed from the current owner account's balance sheet and placed on the balance sheet of the receiving account.

Example: Account 6048400 purchases an X-ray machine under object code 7000 for \$5,000. Object code 7000 has a financial object code sub type of "CM"; therefore, the asset will be capitalized using object code 8610 (see table above). Account 6048400 belongs to the IU Health Center organization and has been assigned an organization plant fund account number of 9548400 and a campus plant fund account number of 9520000. Because a movable capital item is being purchased the capitalization process will post entries to the organization plant fund account number, 9548400. The following entries are then created:

Actual Purchase from Purchase Order created by the Health Center:

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
6048400	7000	Capital Equipment	\$5,000.00	
6048400	8000	Cash in Bank		\$5,000.00

Table I

Capitalization Process (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9548400	8610	Capital Equipment	\$5,000.00	
9548400	9899	Fund Balance		\$5,000.00

Table J

Now let's transfer the equipment to account 1035600 using the *asset transfer document* in CAMS. Account 1036500 belongs to the School of Business MBA Program organization and has been assigned an organization plant fund account number of 9520024 and a campus plant fund account number of 9520000. Because a movable capital item is being purchased, the capitalization process will post entries to the organization plant fund account number, 9520024. The resulting general ledger entries are:

Remove the asset from the current account's balance sheet (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
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ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9548400	9899	Fund Balance	\$5,000.00	
9548400	8610	Capital Equipment		\$5,000.00

Table K

Place the asset on the new owner account's balance sheet (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9520024	8610	Capital Equipment	\$5,000.00	
9520024	9899	Fund Balance		\$5,000.00

Table L

Note that the same object codes used to capitalize the asset are used to transfer the asset. If depreciation had already been recorded for this asset, the accumulated depreciation would be transferred as well.

Capitalization Entries for Gift or Found Equipment on Add an Asset (AA)

When entering information on the *add asset document* for gift or found equipment, the initiator supplies the account number, the object code and the market value of the item. Accounting entries are then created based on the financial information. Accounting entries are recorded to offset the 7XXX expense object code used on the document, and the income object code 1175 – found capital equipment, for the value of the item. To better isolate gift and found equipment from actual purchases on the standard reports, it is recommended that these items be entered using object code 7700 – gifts of capital equipment, or 7701 – found capital equipment. In effect, the market value of the asset is recognized. The entries offset one another, having no effect on cash or fund balance.

Example: While performing the physical inventory, account 1270000 finds an asset that is not recorded on its asset listing. The fair market value of the asset is determined to be \$5,500 and the initiator decides to use object code 7701. Object code 7701 has a financial object code sub type of "CM;" therefore, the asset will be capitalized using object code 8610 (see table above). Account 1270000 belongs to the Executive Management organization and has been assigned an organization plant fund account number of 9570074 and a campus plant fund account number of 9570000. Because a movable capital item is being added, the capitalization process will include entries to the organization plant fund account number, 9570074. The following entries are then created:

Transaction entered on the *add an asset document*:

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
1270000	7701	Found Capital Equipment	\$5,500.00	

Table M

Transaction generated by the *add an asset document* (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
1270000	1175	Found Capital Equipment		\$5,500.00
1270000	7701	Found Capital Equipment	\$5,500.00	

Table N

Capitalization process (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9570074	8610	Capital Equipment	\$5,500.00	
9570074	9899	Fund Balance		\$5,500.00

Table O

The only information supplied on the *add asset document* was account 1270000, object code 7701 and a fair market value of \$2,500. The remaining entries were generated as a result of the *add an asset document* and the capitalization process.

Recognition of Depreciation Expense

CAMS calculates and posts depreciation expense on a monthly basis. The straight line method, illustrated below, is the basis for the calculation and the “federal owned” or “other owned” portion of an asset is excluded from the calculation. In addition, no depreciation is recorded on art & museum objects or land. Each asset is depreciated from the asset create date (assigned when the Capital Asset Office creates the asset) and depreciated evenly over the asset’s useful life. Every Asset in the CAMS file is assigned an asset type that has an associated useful life for the depreciation calculation. The depreciation entry will debit depreciation expense, and credit the appropriate accumulated depreciation object code based on the object code sub type. Depreciation expense has no effect on cash and is posted to the 95 plant fund accounts.

Asset Category	Depr Exp Object
Buildings	5112
Bonds	5129
Equipment Start-up	5156
Fabricated Equipment	5133
Infrastructure	5157
Leasehold Improvements	5158
Library Books	5159
Movable Equipment	5115

Table P

Example: Account 6617000 purchases a printer for \$9,000 using object code 7000. Object code 7000 has a financial object code sub type of “CM;” therefore, the asset will be capitalized using object code 8610. Account 6617000 belongs to the University Printing Services organization and has been assigned an organization plant fund account number of 9517000 and a campus plant fund account number of 9510000. Because a movable capital item is being purchased the capitalization process posts entries to the organization plant fund account number, 9517000. The following entries are then created:

Actual Purchase from Purchase Order:

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
6617000	7000	Capital Equipment	\$9,000.00	
6617000	8000	Cash in Bank		\$9,000.00

Table Q

Capitalization process (system generated):

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9517000	8610	Capital Equipment	\$9,000.00	
9517000	9899	Cash in Bank		\$9,000.00

Table R

Printers have a depreciable life of 8 years, so depreciation for the first month is calculated and posted as follows:

Depreciation Expense = (Depreciable Base x (Number of Months to Depreciate / (Useful Life in Years x 12 Months per Year)))

$$\$93.75 = (\$9,000.00 \times (1 / (8 \times 12)))$$

Month 1 depreciation entry (system generated)

ACCOUNT	OBJECT CODE	OBJECT CODE DESCRIPTION	DEBIT	CREDIT
9517000	5115	Depreciation Expense	\$93.75	
9517000	8910	Accumulated Depreciated Equipment		\$93.75

Table S

Note that depreciation expense was posted to the same account number that recorded the capitalization of the asset. This will always be a 95 plant fund account.

Determining the 95 Plant Fund Account Used for Capitalization

The proper 95 plant fund account number is determined by both the object code sub type (mentioned previously) and the organization code of the account making the capital purchase. Each FIS account number is assigned to an organization, and each organization has been assigned two 95 plant fund account numbers.

- The first 95 plant fund account number, referred to as the organization plant fund account number, is used by the capitalization process when movable equipment items are purchased.
- The second 95 plant fund account number, referred to as the campus plant fund account number, is used by the capitalization process when non-movable capital items are purchased.

Table A illustrates how the object code sub type code dictates the use of the two 95 plant fund account numbers assigned to a given organization:

Sub Type	Expenditure Object Code	Description	95 Plant Fund Account Number
AM	7600, 7677	ART AND MUSEUM	CAMPUS PLANT FUND
BD	73XX	BUILDING	CAMPUS PLANT FUND
BF	7305	BUILDING FED FUND	CAMPUS PLANT FUND
BI	7329	BOND ISSUANCE	CAMPUS PLANT FUND
CF	7030, 7035, 7045, 7730	CAPITAL EQUIPMENT MOVABLE - FED FUND	ORG PLANT FUND
CL	7099	CAPITAL LEASE-PURCHASES	ORG PLANT FUND
CM	7000-7018, 7700, 7701	CAPITAL EQUIPMENT MOVABLE	ORG PLANT FUND
CO	7031, 7032, 7036, 7046, 7731, 7732	CAPITAL EQUIPMENT – FED OWNED, OR OTHER OWNED	ORG PLANT FUND
ES	7098	EQUIPMENT START-UP COSTS	ORG PLANT FUND
IF	7400, 7401, 7402, 7403, 7405, 7405, 7406, 7408, 7409, 7410, 7411	INFRASTRUCTURE	CAMPUS PLANT FUND
LA	7200, 7201, 7277	LAND	CAMPUS PLANT FUND
LE	7800, 7801	LEASEHOLD IMPROVEMENTS	CAMPUS PLANT FUND
LF	7130, 7158	LIBRARY ACQUISITION - FED FUND	CAMPUS PLANT FUND
LI	7100, 7157, 7177	LIBRARY ACQUISITION	CAMPUS PLANT FUND
LR	7465, 7466, 7467, 7468, 7477	LAND IMPROVEMETNS	CAMPUS PLANT FUND
UC	7500	UNIVERSITY CONSTRUCTED	ORG PLANT FUND
UF	7530, 7535	UNIVERSITY CONSTRUCTED -FED FUND	ORG PLANT FUND
UO	7531	UNIVERSITY CONSTRUCTED – FED OWNED	ORG PLANT FUND

Table A

The capitalization process will post entries to an appropriate 95 plant fund account depending on the type of expenditure and the account incurring the expense. Within the 95 plant fund, accounts have been set up for each responsibility center, campus, and reporting auxiliary. In general, expenditures for movable equipment will be capitalized in the 95 plant fund by

responsibility center. The capitalization of art & museum objects, buildings, infrastructure, land, leasehold equities, library books and other non-movable items will occur at the campus level.

Auxiliaries

The exception to these guidelines occurs when reporting auxiliaries purchase capital items. In most cases, movable equipment purchased by a reporting auxiliary will be capitalized in the 95 plant fund account set up for that reporting auxiliary. Generally, art & museum objects, buildings, infrastructure, land, leasehold equities, library books and other non-movable items purchased by a reporting auxiliary will be capitalized at the campus level. However, for some of the larger auxiliary units, these items will also be posted to the 95 plant fund account specifically set up for that unit.

Determining the Object Code Used for Capitalization

The proper balance sheet object code is determined by an attribute of the financial object code. This attribute is called the financial object code sub type and links the capital expenditure object codes (7XXX) to the balance sheet object codes. For example, object code 7015 has an object code sub type of "CM" (which stands for capital equipment movable). All object codes with a sub type of "CM" are capitalized on the balance sheet as object code 8610.

Table B is a full breakdown of the object code sub types and their associated capitalization and accumulated depreciation object codes.

Sub Type	Expenditure Object Code	DESCRIPTION	CAPITAL OBJECT CODE	ACCUM DEPRECIATION OBJECT CODE
AM	7600, 7677	ART AND MUSEUM	8615	
BD	73XX	BUILDING	8601	8901
BF	7305	BUILDING FED FUND	8605	8905
BI	7329	BOND ISSUANCE	8629	8929
CF	7030, 7035, 7045, 7730	CAPITAL EQUIPMENT MOVABLE - FED FUND	8611	8910
CL	7099	CAPITAL LEASE-PURCHASES	9603	N/A
CM	7000-7018, 7700, 7701	CAPITAL EQUIPMENT MOVABLE	8610	8910
CO	7031, 7032, 7036, 7046, 7731, 7732	CAPITAL EQUIPMENT FEDERALY OWNED, OR STATE OWNED	8612	N/A
ES	7098	EQUIPMENT START-UP COSTS	8630	8930
IF	7400, 7401, 7402, 7403, 7405, 7405, 7406, 7408, 7409, 7410, 7411	INFRASTRUCTURE	8604	8904
LA	7200, 7201 7277	LAND	8603	N/A
LR	7465, 7466, 7467, 7468, 7477	LAND IMPROVEMENTS	8665	8965
LE	7800, 7801	LEASEHOLD IMPROVEMENTS	8608	8908
LF	7130, 7158	LIBRARY ACQUISITION -FED FUND	8614	8913
LI	7100, 7157 7177	LIBRARY ACQUISITION	8613	8913
UC	7500	UNIVERSITY CONSTRUCTED	8618	8910
UF	7530, 7535	UNIVERSITY CONSTRUCTED - FED FUND	8619	8910
UC	7531	UNIVERSITY CONSTRUCTED – FED OWNED	8620	N/A

Table B

Note: Assets are created in CAMS for “federally owned” items and will appear on inventory listings; however, no “federally owned” payments are capitalized or depreciated in the General Ledger. If an object code sub type has a N/A accumulated depreciation object code, it is because we do not depreciate that type of asset.

AUDITING

The State Board of Accounts annually performs an audit of the university asset database. Audits are generally based on federal regulations and Indiana University policies and procedures. Organizations may be asked to locate assets, and when appropriate, produce documentation upon the request of the auditors. Audits are composed of, but not limited to, locating assets and comparing the location to the university asset database.

Each Campus Capital Asset Office will conduct inventory samples to test for accuracy of the database, and to ensure organizations are completing their physical inventories.

CLOSING SCHEDULE

The Capital Asset Management area of FMS encourages organizations to approve any financial documents that impact capital object codes on or before June 30 of each fiscal year. This will help facilitate the reconciliation of CAMS to the general ledger.

To complete a physical inventory, asset retirement, asset transfer, and equipment loan/return documents must be approved on or before June 30. Any capital asset document approved after June 30 will be reflected in the next fiscal year.

CAMS SECURITY (departmental user)

This section describes the security features and restrictions of CAMS within the Financial Information System. *Maintenance security* is designed to allow updates to assets based on the user's chart and organization code entered on the *FIS user document*. Access is granted by chart-organization, not by individual users.

Capital Asset Maintenance, Location Maintenance, and Tag an Asset Security

The chart-organization code entered on the *FIS user document* determines the security for CAMS maintenance screens. The security is governed by the following rules:

1. The user's chart and organization **must** match a chart and organization to which the assets' organization reports.

Example: John Doe is in the Chemistry department, which has sub-organizations. If John's user document designates his chart-org as BL-CHEM he can modify assets in BL-CHEM and BL-CMST. If John's user document designates his chart-org as BL-CMST then he can only modify assets in BL-CMST.

BL-CHEM CHEMISTRY
BA-CMST CHEMISTRY SCIENTIFIC STORES
BL-CMST CHEMISTRY SCIENTIFIC STORES

If the chart and organization designated on the *FIS user document* do not match the chart and organization to which the asset organization reports, the following procedures apply:

2. The user **must** initiate an **Asset Security** document.

Example: Jane not only works for Anthropology, she also works for Chemistry. The chart-org on Jane's *FIS user document* has (BL-ANTH). To enable Jane to access Chemistry assets she must initiate an *asset security document* for each chart-organization within Chemistry (BL-CHEM, BA-CMST, BL-CMST) for maintenance and tagging security. The *asset security document* will grant access at the organization level and will not include organization hierarchy, so a document must be processed for each chart/organization combination.

Check update access

To ascertain whether a user has access to update assets, perform the following steps:

- Check the chart and organization code assigned on the *FIS user document*
- From "Inquires" on the menu option select **References Tables**
- Enter **F** in the "Goto box", and click on the tab key
- Double-click on **FIS USER**
- Perform a lookup on the user's name or ID
- It may be necessary to click on the **MORE** button to see the chart and organization values
- Run a report from pre-defined queries
- Select the **Organization Hierarchy** report from the **Chart of Accounts** section
- Enter the values to run the report for the entire Chart (e.g. IN-IN). Confirm your user is at the highest level for their organization. If he/she is not, initiate a new *FIS user document*.

This report will list all the organizations that report to the organization entered. The user can update any assets that report to the organization on their *FIS user document*. The organization hierarchy report can be found at the following URL: https://fdrs.fms.indiana.edu/cgi-bin/Launchpad/Launchpad.pl/coa/org_hier

Campus Capital Asset Office Security

Security for Capital Asset Maintenance Screen

The CAMS campus maintenance security table grants update access to Campus Capital Assets Offices. The chart and organization code allow users in the Chart – Organization to update assets for the given campus.

The University Capital Asset Office is responsible for maintaining the Campus Maintenance Security table.

Campus Asset Maintenance Security table

Campus	User Chart	User Org
CO	IU	UNIV
EA	EA	PHYP
IN	IU	UNIV
KO	KO	GENA
NW	NW	GENA
OC	IU	UNIV
SB	SB	ADAF
SE	SE	CAMP

Table AF

Security for “Location Maintenance” and “Tag an Asset” Screens

The capital asset maintenance security table, which is updated via the *asset security document*, controls the Campus Capital Asset Office security for the location maintenance and tagging screens. A security document must be processed when a new organization is added to the chart of accounts.

Updating/Changing Campus Security

Campus security can be changed to grant access at the highest level by either of the following:

- Initiating a new *FIS user document* at the highest level for your campus. Contact the University Capital Asset Office and ask them to update the CAMS campus maintenance security table. If this table is not updated you will not have the ability to merge and separate assets.
- Monitoring the chart of accounts for your campus. When a new organization is added an *asset security document* must be initiated to obtain update access.

To check the current values in the security table the Maintenance and Tagging pre-defined query can be run at the following URL: <https://fdrs.fms.indiana.edu/cgi-bin/Launchpad/Launchpad.pl/cams/sec>.

Security for Merge and Separate an Asset

It is the responsibility of the Campus Capital Asset Office to merge and separate assets. These functions are controlled by the CAMS campus maintenance security table. The chart and organization entered into the CAMS campus maintenance security table must match the chart and organization used on the *FIS user document*. Users may only affect assets on their own campus. The University Capital Asset Office is responsible for maintaining this table. (Reference table BB)

REPORTS

Capital Asset Management System (CAMS) reports are available in the Indiana University Information Environment (IUIE). IUIE is a web-based interface that gives users access to data from several university applications, including Capital Asset Management report objects. Users can run reports and retrieve information in a variety of formats (such as text documents or spreadsheets).

IUIE provides you with information that is stored in the asset database but may not be directly accessible through the FIS application or accessible in a format not conducive to reporting.

The reports are published in the *master catalog* and are housed in file folders. Asset management reports can be found in the master catalog under the *financial -> capital asset management* folder.

Inventory Reports

Asset Detail List

The *asset detail list* is used to print an inventory. This report is very useful because of the many parameters available. It is very similar to the asset inventory reconciliation report; however, additional parameters may be used in to downscale the amount of information retrieved.

Asset Inventory Reconciliation

The *asset inventory reconciliation* is used after an organization has scanned its assets with the barcode Trakker®. The report lists assets that were not scanned during the inventory process, and can also be used to generate a listing of assets for an organization by entering the current date as the scan date. This report returns to a word processor as well as a spreadsheet application.

Asset Retirement

The *asset retirement* report lists retirements for a specific chart and organization.

Duplicate Tag Detail

The *duplicate tag detail* report identifies tag numbers that are the same, but have been assigned to different assets. Each item should be physically located to verify the IU tag number.

Equipment Loan Report

The *equipment loan report* provides a list of assets that are currently on loan.

Expired Detail Report

The *expired detail report* provides a list of assets for which the loan document is expired.

Tagging Report

The *tagging report* is generally used to locate and tag new items. This report presents one page per asset, and returns to a word processor for printing:.

Unapproved Documents

The *unapproved document* report lists all unapproved documents created before a specific date. The report allows you to specify document types.

Untagged Asset Report

The *untagged asset report* is used to locate and tag capital equipment. This report presents a listing of assets that are in the system but have not yet been tagged. The untagged report lists detailed information about each asset, and can also be used as a tool to locate problems with retirements or credits. It returns to a word processor or spreadsheet application.

DataGroups

A *Data Group* is a report that returns raw data from a table in spreadsheet form. Like a PDQ, a Data Group allows you to choose certain selection criteria to limit the results returned, but you also have to select which columns of data you'd like returned. Data Groups allow you access to customized information but they lack the formatted results of a Pre-Defined Query. The Data Groups currently available for Capital Asset Management are Asset Data, Payment Data, Warranty, Repair History, and Component Data.

The Capital Asset Management System has 3 sets of DataGroups.

- a) DataGroups with no organization hierarchy.
- b) DataGroups with organization hierarchy
- c) YearEnd Snapshots

The following DataGroups are housed with-in the three file folders:

Asset Borrower Info Data Group

The *asset borrower info data group* contains information on assets where an *equipment loan/return document* is active for a capital asset:

Asset Data Group joined with Payment Data Group

The *asset data group joined with payment data group* joins the location and descriptive information with the payment records for each asset:

Asset Warranty Data Group

The *asset warranty Data Group* contains warranty information on capital assets:

Capital Asset Data Group

The *capital asset data group* contains the location and descriptive information relating to capital assets.

Capital Asset Payment Data Group

The *capital asset payment data group* contains payment records for capital assets.

Pre-tagging Data Group

The *pre-tagging data group* contains tagging information entered into the pre-asset tagging table. It contains tagging information that has not been removed by the creation of the asset:

APPENDIX

OPERATING DEFINITIONS

Capital Asset

The term Capital Asset is used in place of fixed asset and denotes that the capitalization process and the characteristics of the item qualify it for inclusion in the university plant fund.

Capital Asset Maintenance System (CAMS)

CAMS is a module of the university Financial Information System (FIS). The system document and maintenance screens can be accessed through the Transaction Processing (TP) environment of the FIS.

Capital Lease-purchase Agreement

Lease-purchase agreements must meet any one of the following criteria.

- The lease transfers ownership of the property to the university by the end of the lease term.
- The lease contains a written bargain purchase option.
- The lease term is equal to 75% or more of the remaining estimated economic life of the property at the beginning of the lease term.
- The present value of the minimum lease payments at the inception of the lease is 90% or more of the fair market value of the leased asset.

Capitalization

Capitalization acknowledges that a transaction meets all criteria necessary to be a fixed asset of the university. Capitalization does not necessarily mean that the university will be responsible for tracking the individual asset or that the individual asset is subject to

depreciation or amortization. Library books will not be tracked individually in the CAM System; however, the accumulated cost of these kinds of assets will be maintained in CAMS to coincide with the University General Ledger.

Control Asset

A control asset is used to post transactions that will be reclassified to a more appropriate object code.

Custody

Custody occurs when the university becomes responsible for the safeguarding and maintenance of a capital asset.

Depreciation

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 type code, and are estimates of the useful life of the asset.

Fabrication

Fabrication occurs when the university assembles pieces to construct a capital asset.

Federally funded

Federally funded capital equipment requisitions are those which will encumber funds provided by a federal sponsoring agency, the full amount of the purchase or any portion thereof. This includes non-federal agencies providing federal-pass-through funds.

Infrastructure

Infrastructure includes improvements related to land, but not associated to buildings. These items have a life exclusive of a building.

Intangible Assets

Intangible assets are capital assets having no physical existence. Their value is limited by the rights and expected benefits that possession confers to the university.

Land

Land is real property and is not subject to depreciation.

Land Improvements

The initial installation of sidewalks, outside lighting, telecommunications, drainage, etc., are considered land improvements.

Layered Approach

The layered approach is the act of accounting for a group of items through inclusion into the capital asset maintenance system as one asset. This method is used to account for library books and to accumulate construction costs.

Lease-purchase Lease-purchase is the act of acquiring assets by making periodic payments, which generally consist of principle and interest. Interest is an operation expense, where as the principle

payments reduce the balance of the long term liability. As the liability is reduced, the equity in the asset increases.

Leasehold Improvements

Leasehold improvements include betterments and additions made by the university to leased real estate. The improvements become the property of the landlord upon expiration of the lease.

Materiality

Materiality is the relative importance of the dollar amount of a transaction as the transaction affects and asset classification. There are different materiality dollar limits depending upon the classification groups of types of assets. Movable equipment ordered after 7/01/2002 must cost at least \$5,000 to warrant consideration for capitalization.

Ownership

Ownership of an asset occurs when the university holds legal title of an asset. Most generally, university funds are disbursed to acquire the asset; however, the title may also be transferred to the university by gift or donation. The asset will be presented individually or in a lump sum total on the financial statements of the university as an addition to the respective campus plant fund when the university has acknowledged ownership of the asset.

Physical inventories

Physical inventories of capital assets occur when an organization visually inspects and verifies the existence and condition of assets "owned" and in the custody of the organization.

Systems

System assets are defined as components that work together to perform one function. These components must be necessary for the system to function as a whole. Removal of any one component would result in the system not operating at the required capacity or for the intended purpose.

Retirement

Retirement is the action of taking an asset out of service by selling, cannibalization, or transferring the asset to another institution. The asset must be taken off of university premises.

INDIANA UNIVERSITY INSTITUTIONAL POLICIES

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Capitalization of Art and Museum Objects
SOURCE:	American Institute of Public Accountants (AICPA) Guidelines for Colleges and Universities, GAAP
DATE ISSUED:	July 1992, Revised May 2003
POLICY NO:	I-240
RATIONALE:	To establish what art objects will be capitalized as capital art and museum objects.
POLICY:	<p>Any art and museum piece purchased or donated to the university shall be capitalized if the value is \$5,000 or greater. If a collection is greater than \$5,000 then it will be capitalized as a collection</p> <p>In order to assign a book value, donations to the university must be appraised. If the unit unto whom the item has been donated feels that the item is not worth an appraisal, the nominal value of One Dollar (\$1.00) shall be assigned. The Indiana University Foundation Planned Giving office is prepared to assist the university and donors in connection with the appraisal requirements and documentation of such in-kind gifts.</p>
PROCEDURE REFERENCE:	<p>In order for an item to be capitalized as an art and museum piece the correct object code must be utilized on the purchase and disbursement documents.</p> <p>A list of the current object codes (income and expense classes) is available by contacting the Campus Chart Manager (see listing; http://www.fms.indiana.edu/) or the Financial Information System's Object Code References Tables.</p>
CROSS REFERENCE:	For more detail and definition on this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, distributed by the Financial Management Support department.
RESPONSIBLE ORGANIZATION:	Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Capitalization of Building
SOURCE:	Financial Management Services, American Institute of Certified Public Accountants (AICPA) Guidelines for Colleges and Universities, GAAP
DATE ISSUED:	July 1992, Revised July 2002
POLICY NO:	I-190
RATIONALE:	To define expenditures which will be classified as new buildings, building additions or major building renovations.
POLICY:	<p>The cost of the building shall include all direct expenses. Construction costs shall include materials, labor, overhead directly related to the construction, building permits and fees, i.e. attorney and architecture. Interest on indebtedness related to the building will be capitalized during the construction process.</p> <p>In order for costs to be capitalized and added to the cost of an existing building, they must meet the following criteria:</p> <ol style="list-style-type: none">1. Expenditures per building for alteration or renovation must be at least Seventy-five Thousand Dollars (\$75,000) or twenty percent (20%) of the historical cost of the existing building at June 30 of the previous year, whichever is lower to be capitalized.2. The improvement must be an attached fixture.3. The expenditure must increase the life or enhance the utilization of the building.
DEFINITIONS:	An item is an attached fixture if removal of the addition causes major structural damage.
PROCEDURE REFERENCE:	<p>The building should be identified in the account description of the construction account utilizing the correct object on the purchase order and disbursement documents.</p> <p>A list of the current object codes (income and expense classes) is available by contacting your campus Chart Manager (see listing; http://www.fms.indiana.edu/) or the Financial Information System's Object Code References Tables.</p> <p>All capitalized building projects should be processed through a construction account or renewal and replacement account and should not be recorded in an operating account. Any federal funds used should be allocated to the correct disbursement object code.</p>
CROSS REFERENCE:	For more detail and definition on this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, URL: http://www.fms.indiana.edu/cams/Manual/Manual.asp distributed by the Financial Management Services department.

See Accounting Administration Policy [I-150](#), Capitalization of Movable Equipment.

RESPONSIBLE

ORGANIZATION: Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Capitalization of Capital Lease
SOURCE:	American Institute of Public Accountants (AICPA) Guidelines for Colleges and Universities, GAAP
DATE ISSUED:	July 1992, Revised January 1996
POLICY NO:	I-220
RATIONALE:	To define expenditures that will be classified as capital leases.
POLICY:	<p>If a leasehold contract contains an Option to Purchase, payments on Plant which are being leased on long-term contracts should be capitalized as leasehold equities. The contract must be for at least two (2) years, ownership of the property will be transferred to the university at the end of the lease, and the university must have the right to purchase the asset at the end of the lease or during the lease term.</p> <p>All improvements made to the premises leased should be capitalized and depreciated over the remaining life of the lease if a given improvement meets the building capitalization criteria established in Accounting Administration Policy I-190, Capitalization of Buildings.</p>
DEFINITIONS:	Plant is defined as the equipment, buildings, etc. of any institution.
PROCEDURE REFERENCE:	<p>In order for an item to be secured as a capital leasehold equity, the contract must be sent to the Capital Asset Management division of Financial Management Services so they can determine that it meets the requirements of leasehold equity.</p> <p>The correct object code should be utilized on the disbursement vouchers in order for the payments to be capitalized. A list of the current object codes (income and expense classes) is available by contacting your campus Chart Manager (see listing; http://www.fms.indiana.edu/) or the Financial Information System's Object Code References Tables.</p>
CROSS REFERENCE:	<p>See Accounting Administration Policy I-190, Capitalization of Buildings.</p> <p>For more detail and definition on this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, distributed by the Financial Management Support department.</p>
RESPONSIBLE ORGANIZATION:	Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Capitalization of Infrastructures
SOURCE:	American Institute of Public Accountants (AICPA) Guidelines for Colleges and Universities, GAAP, GASB 34/35
DATE ISSUED:	July 1992, Revised July 2002
POLICY NO:	I-210
RATIONALE:	To define expenditures which will be classified as capital infrastructures.
POLICY:	Improvements on land that have a life of their own exclusive of the land or building(s) on that land should be capitalized in this category. The cost of the project must be greater than \$75,000 for it to be capitalized.
DEFINITIONS:	Infrastructure covers improvements related to land but not associated to buildings. Infrastructure expenditures have a life exclusive of a building. The infrastructure category of capital fixed assets include sidewalks, outside lighting, steam pipes, maintenance tunnels and sewer systems.
PROCEDURE REFERENCE:	<p>In order for an item to be secured as a capital infrastructure, the correct object code should be utilized on the Purchase Order and disbursement documents.</p> <p>All capitalized building projects should be processed through a construction account or renewal and replacement account and should not be recorded in an operating account. Any federal funds used should be allocated to the correct disbursement object code.</p> <p>A list of the current object codes (income and expense classes) is available by contacting your campus Chart Manager (see listing; http://www.fms.indiana.edu/) or the Financial Information System's Object Code References Tables.</p>
CROSS REFERENCE:	For more detail and definition on this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, URL: http://www.fms.indiana.edu/cams/Manual/Manual.asp distributed by the Financial Management Services department.
RESPONSIBLE ORGANIZATION:	Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Capitalization of Land
SOURCE:	Financial Management Services, American Institute of Certified Public Accountants (AICPA) Guidelines for Colleges and Universities, GAAP
DATE ISSUED:	July 1992, Revised January 1996
POLICY NO.:	I-200
RATIONALE:	To define expenditures which will be classified as land.
POLICY:	<p>All costs incurred in acquiring land should be considered as part of the land cost. These expenditures shall include the purchase price, closing costs, and the assumption of any mortgages or liens. All direct costs incurred in getting the land ready for use shall also be considered as part of the land price. Any other land improvement shall also be considered a land capital expenditure if it increases the utility.</p> <p>Land purchased with the purpose of constructing a building is capitalized as land. Any costs incurred in getting the land ready for the use will also be considered part of the land, i.e. razing the structure. Benefits received for clearing the land in preparation of building will be considered a reduction on the price of the land.</p>
DEFINITIONS:	<p>Closing costs include items such as attorney fees and title updates.</p> <p>Ready for use is a term that includes grading, clearing, filling and draining.</p>
PROCEDURE REFERENCE:	<p>In order for an item to be secured as land, the correct object code should be utilized on the Purchase Order and disbursement documents.</p> <p>A list of the current object codes (income and expense classes) is available by contacting your campus Chart Manager (see listing; http://www.fms.indiana.edu/) or the Financial Information System's Object Code References Tables.</p> <p>All land purchases should be made out of a special land purchase account controlled by the Vice Chancellor for Business on each campus.</p>
CROSS REFERENCE:	For more detail and definition on this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, distributed by the Financial Management Support department.
RESPONSIBLE ORGANIZATION:	Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Capitalization of Library Acquisitions
SOURCE:	American Institute of Public Accountants (AICPA) Guidelines for Colleges and Universities, GAAP
DATE ISSUED:	July 1992, Revised January 1996
POLICY NO:	I-230
RATIONALE:	To establish what library items will be capitalized as capital.
POLICY:	All cataloged library acquisitions shall be capitalized. There is no limitation as to the total cost spent per unit. Departmental purchases of manuals or other professional guides not cataloged in the university library system will not be capitalized.
DEFINITIONS:	<p>Cataloged indicates the items are listed and registered in an alphabetical file and are available for the use of others.</p> <p>Library acquisitions are library books, films, recordings, monographs, serials and software.</p>
PROCEDURE REFERENCE:	<p>In order for a library item to be secured as capital, the correct object code must be utilized on the purchase and disbursement documents.</p> <p>A list of the current object codes (income and expense classes) is available by contacting the Campus Chart Manager (see listing; http://www.fms.indiana.edu/) or the Financial Information System's Object Code References Tables.</p>
CROSS REFERENCE:	For more detail and definition on this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, distributed by the Financial Management Support department.
RESPONSIBLE ORGANIZATION:	Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT: Capitalization of Movable Equipment
SOURCE: Office of Management and Budget (OMB) A-21, American Institute of Public Accountants (AICPA) Guidelines for Colleges and Universities, GAAP
DATE ISSUED: July 1992, Revised July 2002; Revised August 2007; Revised August 2008
POLICY NO: I-150
RATIONALE: To provide guidelines for the capitalization of movable equipment on procurement transactions and other financial documents.
POLICY: An item must meet two specific criterion in order to qualify as a capital purchase of movable equipment. It must have (1) an acquisition value of at least \$5,000 and (2) a useful life expectancy of one year or greater.

The acquisition value of movable capital equipment includes the university's cost of equipment and all additional costs necessary to place an asset in its intended location and condition for use. Additional costs that can be capitalized with equipment purchases include the cost of asset assembly, asset installation, freight, in-transit insurance, training for use of the asset, and preparation of the asset and/or asset site for its intended use. (See Note 1)

Examples of costs that are not considered movable capital equipment, regardless of the cost or useful life, are repair or replacement parts, and general maintenance and warranty agreements. Software license agreements are not capitalized unless ownership is indicated within the license agreement.

Movable equipment assets are capitalized net of cash, trade-in allowances and other earned discounts.

Movable equipment purchased in the university procurement system will generate a CAMS Document. The CAMS Document is used to capture asset details and location information necessary for the asset creation process. The CAMS Document is required to be completed within five business days of receipt of the asset/merchandise.

Generally, equipment that is attached to a building is capitalized as movable equipment when removing the equipment does not cause structural damage to the building and will not destroy the equipment.

Note 1: GASB Statement No. 34, paragraph 18.

DEFINITIONS: **Capital Assets** have an acquisition value of at least \$5,000 and a useful life expectancy of one year or more.

Equipment: The term “equipment” includes delivery equipment, office equipment, machinery, furniture and fixtures, factory equipment and similar fixed assets.

**PROCEDURE
REFERENCE:**

In order for an item to be secured as capital equipment, the correct capital object code should be utilized on the purchase and disbursement documents.

A list of the current capital object codes can be found at the following link: CAMS Standard Operating Procedure 1.0 Capitalization Rules at http://www.fms.indiana.edu/cams/policies/capitalization_rules.asp or the Financial Information System’s Object Code References Tables.

**CROSS
REFERENCE:**

For more detail and definition on this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, at: <http://www.fms.indiana.edu/cams/Manual/cams.pdf> and CSOP (CAMS Standard Operating Procedure) 1.0 Capitalization Rules; CSOP 8.0 Capitalization of Movable Equipment; CSOP 12.0 Capitalization of Fabricated Equipment; and, CSOP 29.0 Software and Software License Agreements distributed by the Financial Management Services department.

See Accounting Administration Policies: I-170, Capital Movable Asset Physical Inventories, Tagging and Location Changes; I-180, Depreciation of Capital Assets; and, I-270, Ownership of University Capital Assets.

**RESPONSIBLE
ORGANIZATION:**

Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Capitalization of Software
SOURCE:	Financial Management Services, American Institute of Certified Public Accountants (AICPA) Guidelines for Colleges and Universities, GAAP
DATE ISSUED:	July 1992, Revised July 2002
POLICY NO:	I-160
RATIONALE:	To define what items will be classified as capital software.
POLICY:	<p>Application software shall be capitalized as a separate asset if the acquisition value is Five Thousand Dollars (\$5,000) or more and has a life of greater than one year.</p> <p>Operating software purchased with a computer package will be capitalized as part of the initial cost of the computer.</p>
DEFINITIONS:	<p>Application software are canned programs that offer special functions, i.e. Harvard Graphics, LAN based user packages.</p> <p>A computer package is a purchase of the main computer central processing unit and could include a monitor, keyboard, and mouse.</p>
PROCEDURE REFERENCE:	For software to be secured as capital, the correct object code should be utilized on the purchase order and other financial transactions. A list of the current object codes (income and expense classes) is available by contacting your Campus Chart Manager (see listing; http://www.fms.indiana.edu/) or the Financial Information System object code reference tables.
CROSS REFERENCE:	<p>For more detail and definition on this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, URL: http://www.fms.indiana.edu/Manual/Manual.asp distributed by the Financial Management Services department.</p> <p>See Accounting Administration Policy I-150, Capitalization of Movable Equipment.</p>
RESPONSIBLE ORGANIZATION:	Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Capital Movable Asset Physical Inventories, Tagging and Location Changes
SOURCE:	Financial Management Services, OMB Circular A110
DATE ISSUED:	July 1992; July 2002; August 2007; Revised April 2008
POLICY NO:	I-170
RATIONALE:	Physical inventories and tagging are completed to secure university capital assets, to verify location for compliance with OMB Circular A110 and to assist organizations with effective management of capital equipment.
POLICY:	<p>“A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. 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.” (Reference <u>U.S. Office of Management and Budgets: Circular A110</u>) *See Note 1</p> <p>Upon completion of the physical inventory process certification letters must be signed by the Fiscal Officer and sent to the University Capital Asset Office prior to June 30th of the scheduled inventory year.</p> <p>All capital movable assets located in university owned or leased buildings, purchased through the university financial system, or used in university research projects is deemed to be in the custody of the university, regardless of who ultimately retains title to this equipment.</p> <p>All capital movable assets must have a university yellow identifying tag affixed to it within thirty (30) days of receipt. Equipment owned by the federal government will have affixed to it a university tag and a government ownership tag.</p> <p>Whenever an organization changes the location of a movable capital asset then the location must be updated in the Capital Asset Management System within 30 days of the change.</p> <p>*Note 1: Uniform Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.</p>
DEFINITIONS:	<p>Capital Assets have an acquisition value of at least \$5,000 and a useful life expectancy of one year or more.</p> <p>Federally owned equipment is defined as assets that are purchased by a contract and grant account and of which the federal government or agency will retain ownership upon the completion of the grant or contract.</p> <p>Trakker is a handheld data collection terminal used to scan the IU tag number affixed to equipment.</p>

**PROCEDURE
REFERENCE:**

Each organization is responsible for capital movable asset physical inventories, tagging and changing locations for those assets capitalized under their organization code in the Financial Information System. Inventory Trakkers are available for scanning inventories. The Campus Capital Asset Office will train your inventory representative on the use of the Trakkers. When the asset is scanned the last inventory date in the Capital Asset Management System will be updated. Any asset unable to be scanned must be updated manually. If the asset is moved in between inventories the organization will update the asset location in the capital asset system within 30 days of the asset being moved. Capital movable asset tags can be purchased from the University Capital Asset Office.

**CROSS
REFERENCE:**

For more detail and definition of this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, URL: <http://www.fms.indiana.edu/cams/Manual/cams.pdf>; CSOP (CAMS Standard Operating Procedure) 1.0 Capitalization Rules; CSOP 4.0 Physical Inventories; CSOP 5.0 Tagging Movable Equipment; and, CSOP 8.0 Capitalization of Moveable Equipment distributed by the Financial Management Services department.

See Accounting Administration Policy [I-150](#), Capitalization of Movable Equipment; Policy [I-270](#), Ownership of University Capital Assets; OMB Circular A110 "Uniform Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations".

**RESPONSIBLE
ORGANIZATION:**

Financial Management Services

INSTITUTIONAL POLICIES

VOLUME: I POLICIES RELATED TO ACCOUNTING ADMINISTRATION

SUBJECT: Depreciation of Capital Assets

SOURCE: Financial Management Support, Financial Accounting Standard Board (FASB)Statement 96, Governmental Accounting Standards Board (GASB) Statement 8

DATE ISSUED: July 1992, Revised January 1996

POLICY NO: I-180

RATIONALE: To convey the application of the accounting concept of depreciation for the university.

POLICY: Effective July 1, 1990, Indiana University will depreciate the capital asset categories of movable equipment, buildings, infrastructures, leasehold equities, library books and equipment start up costs.

DEFINITIONS: **Depreciation** is a financial recognition of the diminishing service capacity or utility; the lost usefulness; the wasting away of a tangible asset during the periods of service life.

PROCEDURE REFERENCE: The calculating and applying of the value decreases are the responsibility of the Financial Management Support department.

Detailed depreciation will be maintained in the Capital Asset Management System (CAMS).

CROSS REFERENCE: See Accounting Administration Policy [I-150](#) through [I-250](#) for capitalization on assets.

RESPONSIBLE ORGANIZATION: Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Charitable Gifts to Indiana University
SOURCE:	IU Foundation, Financial Management Services and the Office of the Treasurer
DATE ISSUED:	October 1990; revised June 2008
POLICY NO:	I - 40
RATIONALE:	To provide guidance to faculty and staff concerning the depositing, recording and acknowledgment of all charitable gifts received on behalf of Indiana University.
POLICY:	When a gift has been received for Indiana University, the Indiana University Foundation (Foundation) Gift Administration Office must be notified. Gifts of cash or check and documentation of in-kind gifts should be forwarded to the Gift Administration Office via procedures established by campus administration and the IU Treasurer's Office. The purpose of this office is to deposit, record and receipt all gifts received by Indiana University. The Gift Administration Office will determine if the intent of the donor was for the contribution to be made to the university or to the Foundation. Gifts intended for a university account may be deposited directly by the unit as long as the donor information and corresponding documentation is shared with the Foundation for appropriate recording of the gift on the donor record. It is critical to note that all solicitation pieces from the various schools and campuses should direct donor gifts to the appropriate Foundation bank lockbox, and not be returned to the individual units. In addition, all solicitation material must be reviewed and approved by the Gift Administration Office prior to printing and distribution. Established procedures exist regarding the acceptance and recording of in-kind gifts received at Indiana University. Refer to the Foundation's Gifts In Kind Policy for additional information, The Foundation Personal Property, Real Estate and Insurance Office is prepared to assist the university and donors in connection with the appraisal requirements and documentation of such in-kind gifts.
PROCEDURE REFERENCE:	For gifts that are received directly by the units, a gift deposit form or an in-kind gift transmittal form should be completed for gifts as appropriate, and then forwarded to the Gift Administration Office located in Showalter House, IUB, or IU Foundation Indy Gift Administration at IUPUI for that campus. All cash, checks, and correspondence related to the gift office should be attached to the form and forwarded as well. Gift monies should not be deposited through the Bursar's office. The Gift deposit form is available online through OneStart via IQ, the IU Foundation portal IQ.
RESPONSIBLE ORGANIZATION:	Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT: Off-Premise Capital Equipment Control
SOURCE: Financial Management Services
DATE ISSUED: October 1990; Revised July 2002; Revised August 2008
POLICY NO: I-140
RATIONALE: To maintain proper controls and responsibilities for capital equipment removed from university premises for thirty-one (31) days or more.
POLICY: Equipment removed from university premises for a period of thirty-one (31) days or more must have appropriate approvals signified by completion of an Equipment Loan/Return Document in the Financial Information System. The Equipment Loan/Return Document requires the approval of the fiscal officer and the borrower. Equipment may be loaned for a period of two years or less, and the loan document must be completed within thirty (30) days of the loan

Responsibilities of the organization for loaned equipment are:

1. Tagging the equipment before it leaves the premises.
2. Initiating the Equipment Loan/Return Document.
3. Performing the physical inventory of the equipment in accordance with Policy I-170.
4. Keeping accurate inventory records of equipment on loan for a period less than thirty-one (31) days.

The responsibilities of the borrower are:

1. Obtain proper approval for equipment on loan. If the borrower takes the equipment without proper authorization and there is a loss, the borrower will be personally responsible for replacement of the equipment.
2. The timely return of equipment and the completion of an Equipment Loan/Return document to extend the loan for an additional two years.
3. Upon request the borrower may be required to return the equipment to the organization for inventory or audit purposes.

Equipment Loan/Return Request Documents must be renewed every two years, until the equipment has been returned to the campus premises.

DEFINITIONS: **Capital Assets** must have an acquisition value of at least Five Thousand Dollars (\$5,000) and a useful life expectancy of one year or greater.

Off-Premise refers to equipment which is in the control of a faculty or staff person, and the equipment resides at a location which is not directly associated with the university.

**CROSS
REFERENCE:**

See CSOP (CAMS Standard Operating Procedure) 5.0 Tagging Movable Equipment; CSOP 6.0 Equipment Loan/Return (Off-Premise); and, CSOP 8.0 Capitalization of Movable Equipment.

See Accounting Administration Policies: I-150, Capitalization of Movable Equipment; I-170, Capital Movable Asset Physical Inventories, Tagging and Location Changes; and, I-270, Ownership of University Capital Assets.

**RESPONSIBLE
ORGANIZATION:**

Financial Management Services

INDIANA UNIVERSITY INSTITUTIONAL POLICIES

VOLUME: I POLICIES RELATED TO ACCOUNTING ADMINISTRATION

SUBJECT: Ownership of University Capital Assets

SOURCE: Financial Management Services, Office of Management and Budget (OMB)
Circular A-21

DATE ISSUED: July 1992; Revised January 1996; Revised August 2008

POLICY NO: I-270

RATIONALE: To establish ownership guidelines for university capital assets in the custody of Indiana University.

POLICY: University capital assets include movable equipment, capital leased equipment, movable fabricated equipment, art and museum objects, land, land improvements, buildings, infrastructure, library books and leasehold improvements. The acquisition value of movable capital equipment includes the university's cost of equipment and all additional costs necessary to place an asset in its intended location and condition for use. Additional costs that can be capitalized with equipment purchases include the cost of the asset. For donated capital assets the acquisition value is market value.

The title to or ownership of all university capital assets are vested in the Board of Trustees of Indiana University. Title to federally purchased capital assets may be retained by the federal sponsoring agency or vested in the university, depending on the regulations of the agency and the requirement of the project. University capital assets do not become the property of the project director or the principal investigator.

DEFINITIONS: See Cross Reference section below.

Equipment: The term "equipment" includes scientific and technical equipment, delivery equipment, office equipment, machinery, furniture and fixtures, factory equipment and similar fixed assets.

CROSS REFERENCE: For more detail and definition of this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University at:
<http://www.fms.indiana.edu/cams/Manual/cams.pdf>; CSOP (CAMS Standard Operating Procedures) 1.0 Capitalization Rules; CSOP 8.0 Capitalization of Movable Equipment; CSOP 12.0 Capitalization of Fabricated Equipment; CSOP 9.0 Capital Lease Agreements; CSOP 19.0 Capitalization of Buildings; CSOP 20.0 Capitalization of Infrastructure; CSOP 21.0 Capitalization of Land Improvements; and, CSOP 24.0 Capitalization of Leasehold Improvements.

See Accounting Administration Policies: I-140, Off-Premise Equipment Control; I-150, Capitalization of Movable Equipment; I-170, Capital Movable Asset Physical Inventories, Tagging and Location Changes; I-190, Capitalization of Buildings; I-200 Capitalization of Land; I-210 Capitalization of Infrastructure; I-215, Capitalization of Land Improvements; I-220, Capitalization of Capital Lease

Agreements; I-230, Capitalization of Library Acquisitions; I-240, Capitalization of Art and Museum Objects.

See Contract and Grant Policy III-70, Equipment Transfers.

RESPONSIBLE ORGANIZATION: Financial Management Services

**INDIANA UNIVERSITY
INSTITUTIONAL POLICIES**

VOLUME: I	POLICIES RELATED TO ACCOUNTING ADMINISTRATION
SUBJECT:	Screening of Requisitions for Federally Funded Capital Equipment
SOURCE:	Office of Management and Budget (OMB) Circular A-110
DATE ISSUED:	July 1992; Revised January 1996; Revised February 2007
POLICY NO:	I-260
RATIONALE:	To avoid duplication and unnecessary capital equipment purchases.
POLICY:	<p>Requisitions for federally funded capital equipment will be screened for compliance prior to issuance of a purchase order. The guidelines and responsibilities for completing the screening requirements are listed as follows:</p> <p>A requisition for federally funded capital equipment having a unit cost of \$24,999 or less need not be screened.</p> <p>A requisition for federally funded capital equipment having a unit cost of \$25,000 or more will be screened by the requesting school. The school must attach a memo to the purchase requisition stating that a like or similar equipment item is not available for use by the Project Director.</p>
DEFINITIONS:	<p>Federally funded capital equipment requisitions are those which will encumber funds provided by a federal sponsoring agency or by a pass-through agency providing federal funds. The policy applies when federal funds support the full amount of the purchase or any portion thereof.</p> <p>Screening is the process of reviewing inventory lists of existing capital equipment before purchasing new items. Its purpose is to avoid the purchase of new equipment which would duplicate existing equipment available to a project, promote shared use of existing equipment, and free up Federal funds for other uses.</p>
PROCEDURE REFERENCE:	FMS provides tools which enable departments and campuses to search the university capital asset data base for like equipment before federal funds are used to acquire said equipment. Searches may be accomplished through utilization of the inquiry search tools of the university Financial Information System, or through departmental inventory searches available in the IUIE reporting environment.
CROSS REFERENCES:	For more detail and definition on this policy, refer to the Indiana University Capital Asset Manual, Accounting for Assets at Indiana University, distributed by the FMS.
RESPONSIBLE ORGANIZATION:	Financial Management Services

ASSET TYPE CODES

Asset Types Codes for Movable Equipment

Report Date: 8/27/2008

Type Code	Description	Life
07338	AIR COMPRESSOR (FY 07 AHA REVIEW)	12
204	AIR CONDITIONER	5
07711	AIR PLANE (FY 07 AHA REVIEW)	6
07679	AIR VENTILATING SYSTEMS (FY 07 AHA REVIEW)	20
205	AMPLIFIER, SOUND SYSTEM	10
303	ANALYZER	10
07322	ANALYZER, BLOOD GAS (FY 07 AHA REVIEW)	5
305	ANESTHESIA UNIT	10
297	ANIMAL CAGES	10
381	APPARATUS, HYPOTHERMIA	10
311	ASPIRATOR	10
308	AUDIOMETER	10
706	AUTO BUS	20
707	AUTO BUS (FED FUND)	12
702	AUTO LIGHT DUTY SERVICE UNITS, MEDIUM DUTY TRUCKS	7
703	AUTO LIGHT DUTY SERVICE UNITS, MEDIUM DUTY TRUCKS	8
704	AUTO MEDIUM DUTY TRUCKS WITH LOW USE	10
700	AUTO PASSENGER SEDANS AND MINI VANS	3
701	AUTO SUBURBAN, 15 PASSENGER VANS, AND HIGH USER SERVICE UNITS	5
705	AUTO TRAILERS	15
07309	AUTOCLAVE (FY 07 AHA REVIEW)	10
699	AUTOMOBILES	4
182	AUTOMOTIVE, INDUSTRIAL	12
312	BALANCE	7
07316	BATH, ALL LABORATORY /CIRCULATOR (FY 07 AHA REVIEW)	7
07154	BED, ELECTRICAL OR MANUAL (FY 07 AHA REVIEW)	7
101	BENCH, METAL OR WOOD	15
673	BENDER	10
3	BENDING MAGNET	15
300	BIOLOGICAL SAFETY CABINET,ENVIRONMENTAL CHAMBERS,FLOWHOODS,GLOVE BOX	15
692	BLASTER, SAND	20
07315	BLOOD PRESSURE UNIT (FY 07 AHA REVIEW)	6
675	BLOWER, SNOW	8
698	BOATS	4
103	BOOKCASE, METAL/WOOD, ALL	20
419	BOOTH, ALL	10
684	BRAKE, BOX & PAN	5
328	BREATHING UNIT	8
503	BROILER	10
104	CABINET, METAL OR WOOD/FILE	15

Type Code	Description	Life
07236	CAMERA, MOVIE OR TV (FY 07 AHA REVIEW)	5
07207	CAMERA, STILL (FY 07 AHA REVIEW)	5
900	CAMPUS BUS SHELTER	25
180	CANISTERS/CYLINDERS	10
504	CART, FOOD/TRAY,ETC	10
07210	CASH REGISTER (FY 07 AHA REVIEW)	5
07333	CENTRIFUGE (FY 07 AHA REVIEW)	7
07203	CENTRIFUGE, BENCH MODEL (FY 07 AHA REVIEW)	7
107	CHAIR, METAL OR WOOD, ALL	15
183	CHAIR, SPECIALIST, I.E. DENTAL	10
157	CHAIR, SPECIALIST, I.E. DENTAL/OPT/BARBER	15
498	CHAIR, WHEEL	10
212	CHECK SIGNER	10
07677	CLEANER, VACUUM (FY 07 AHA REVIEW)	8
474	CLEANER/DRILL, ULTRASONIC	10
336	COLD PACK UNIT, FLOOR	10
213	COLLATOR, ELECTRIC	10
683	COLLECTOR, DUST	3
488	COLLECTOR, FRACTION	7
07337	COLORIMETER (FY 07 AHA REVIEW)	7
655	COMPACTOR, WASTE	10
223	COMPUTER (PERSONAL)DESKTOP	3
507	CONVEYOR, TRAY	15
509	COOLER/WALK IN /FREE STAND	15
202	COPIER ACCOUNTANT/CARD TERMINAL	5
07321	COUNTER, BLOOD CELL (FY 07 AHA REVIEW)	5
510	COUNTER, FOOD SERVICE	15
431	COUNTER, RADIATION	8
293	COUNTERS, ELECTRONIC	8
07343	CRYOSTAT (FY 07 AHA REVIEW)	7
342	CRYOSURGICAL UNIT	10
345	CUTTER, ELECTRICAL	10
07244	CUTTER/SHREDDER, PAPER (FY 07 AHA REVIEW)	7
07350	DEFIBRILLATOR (FY 07 AHA REVIEW)	5
07351	DENSITOMETER (FY 07 AHA REVIEW)	5
352	DERMATOME	10
07108	DESK, METAL OR WOOD, ALL (FY 07 AHA REVIEW)	20
302	DETECTORS	14
354	DIATHERMY UNIT	10
355	DILUTOR	10
222	DISCRIMINATORS	10
513	DISHWASHER	10
07219	DISK DRIVES, CONTROLLERS (FY 07 AHA REVIEW)	5
07515	DISPENSER, ALL (FY 07 AHA REVIEW)	10
07357	DISTILLING APPARATUS (FY 07 AHA REVIEW)	15
306	DNA ANALYZER	5

Type Code	Description	Life
156	DOZER BLADES, SNOW PLOWS AND AUTO. PARTS AND ACCESSORIES	3
243	DRILL, PAPER	11
606	DRYER CLOTHES	10
359	DRYER, SCIENTIFIC	10
479	DRYER, X RAY FILM	8
07658	DRYING OVEN, PAINT SHOP (FY 07 AHA REVIEW)	10
07221	DUPLICATOR (FY 07 AHA REVIEW)	5
486	DYNAGRAPH	10
07360	ELECTROCARDIOGRAPH (FY 07 AHA REVIEW)	7
07361	ELECTROENCEPHALOGRAPH (FY 07 AHA REVIEW)	7
07362	ELECTROMYOGRAPHY (FY 07 AHA REVIEW)	7
07363	ELECTROPHORESIS UNIT (FY 07 AHA REVIEW)	7
07364	ELECTROSURGICAL UNIT (FY 07 AHA REVIEW)	7
687	ENGRAVER	7
330	EQUIP., ALL CARDIO	8
523	EQUIP., ICE CUBE MAKING	10
07429	EQUIP., PULMONARY FUNCTION (FY 07 AHA REVIEW)	8
237	EQUIP., TIME RECORDING	10
07418	EQUIPMENT PATIENT MONITORING/AIDING (FY 07 AHA REVIEW)	7
100	EQUIPMENT, GENERAL OFFICE	5
332	EVAPORATORS, ROTAVAPORS	7
659	EXTINGUISHER, FIRE	3
07002	FAX (FY 07 AHA REVIEW)	3
368	FLOWMETER	10
369	FLUORIMETER	10
370	FLUOROSCOPE	10
248	FOLDER	15
511	FOOD CUTTER/CHOPPER/GRIND	10
530	FOOD PEELER	10
535	FOOD SLICER	10
294	FREEZE DRY APPARATUS	10
522	FREEZER/CABINET ICE CREAM	10
518	FRYER, DEEP FAT	10
372	FURNACE, LABORATORY	10
109	FURNISHINGS, LIBRARY	20
151	FURNITURE AND FIXTURES, HOSPITAL	15
490	GAMMA SYSTEMS	8
07334	GAS CHROMATOGRAPH (FY 07 AHA REVIEW)	7
07489	GENERATOR, INDUSTRIAL (FY 07 AHA REVIEW)	5
669	GOLF CARTS	4
519	GRIDDLE	10
495	GRINDER/SANDER, DENTAL	10
682	GRINDERS/SANDERS INDUSTRIAL	10
07375	HEMODIALYSIS UNIT (FY 07 AHA REVIEW)	5
07374	HEMOGLBINOMETER (FY 07 AHA REVIEW)	7
376	HOMOGENIZER	10

Type Code	Description	Life
378	HUMIDIFIER	10
379	HYDROTHERAPY EQUIPMENT	15
07382	ILLUMINATOR UNIT, MULTIFILM OR SINGLE (FY 07 AHA REVIEW)	10
384	INCUBATORS, ALL	10
386	INDICATOR	10
668	INDUSTRIAL CARTS/DOLLIES/LIFT TRUCKS/UTILITY MAINTENANCE VEHICLES	10
07388	INHALATOR (FY 07 AHA REVIEW)	10
750	INSTRUMENT, MUSICAL	15
481	INTENSIFIER, X RAY IMAGE	5
524	KETTLE, STEAM JACKETED	15
07390	KIDNEY DIALYZER (FY 07 AHA REVIEW)	5
07391	KILN (FY 07 AHA REVIEW)	10
5	KNIFE, DIAMOND	2
392	KYMOGRAPH	10
240	LABEL OR LETTERING SYSTEMS	10
162	LABOPHOT STAND	12
314	LABORATORY PRESSES	15
664	LADDER	10
396	LAMP, MEDICAL/ SCIENTIFIC	10
452	LAMP, SLIT	10
304	LASER, SCIENTIFIC	3
665	LATHE	15
251	LENS, CAMERA/TV	8
456	LENS, OBJECTIVES, MICROSCOPE ACCESSORIES	10
07399	LIFTER, PATIENT (FY 07 AHA REVIEW)	10
165	LIGHT, GENERAL USAGE	10
161	LOCKERS, ALL	15
07660	MACHINE, FLOOR, ALL INDUS (FY 07 AHA REVIEW)	5
693	MACHINE, MOLDING	10
420	MACHINE, PAINT SPRAYING	10
445	MACHINE, SEWING	15
07446	MACHINE, SHAKING (FY 07 AHA REVIEW)	8
235	MACHINE, STENCIL	10
542	MACHINE, VENDING ALL	10
651	MACHINERY, GEN. HOUSEKEEPING	8
201	MACHINES, OFFICE	5
225	MAILING MACHINE	10
224	MAILING MACHINE	5
499	MANIFOLD	10
400	MANNEQUIN	10
226	MARKING MACHINE	10
802	MATS, ATHLETIC	7
401	METER	3
432	METER, RADIATION	8
494	MICROMANIPULATOR	10
404	MICROPROJECTOR	10

Type Code	Description	Life
07003	MICROSCOPE (FY 07 AHA REVIEW)	7
07405	MICROTOME (FY 07 AHA REVIEW)	7
447	MICROTOME KNIVES AND SHARPENERS	10
07681	MILLING MACHINE (FY 07 AHA REVIEW)	15
547	MISC DAIRY & FOOD PROCESS	10
601	MISC LAUNDRY EQUIPMENT	10
260	MISC. AUDIO VISUAL	8
220	MISC. COMPUTER EQUIPMENT	5
245	MISC. DARKROOM EQUIP., ENLARGERS, DRYERS	10
158	MISC. DENTAL EQUIPMENT	10
367	MISC. EQUIP., EXERCISE	15
301	MISC. EQUIP., SCIENTIFIC	7
110	MISC. FURNISHINGS	15
250	MISC. GRAPHICS, FINE ARTS EQUIP.	5
298	MISC. INDUSTRIAL/CONSTRUCTION EQUIP	10
501	MISC. KITCHEN/CAFETERIA EQUIP.	10
115	MISC. LAWN & GARDEN EQUIP.	4
406	MISC. MEDICAL EQUIPMENT	8
155	MISC. OPTOMETRY EQUIPMENT	7
415	MISC. OXYGEN EQUIP.	8
230	MISC. PHOTO EQUIPMENT	8
810	MISC. RECREATIONAL, POOL TABLE	7
815	MISC.FARM EQUIPMENT	10
800	MISC.GYMNASTIC EQUIPMENT	7
526	MIXER, COMMERCIAL TYPE	10
667	MIXER, INDUSTRIAL	10
407	MONITOR, COMPUTER	7
07320	MONITOR, MEDICAL/SCIENTIFIC (FY 07 AHA REVIEW)	8
40004	MOVEABLE ASSETS NOT YET RECEIVED, OR PLACED IN SERVICE	0
215	MULTIPLEXER, T MUX, T BOX, S MUX	5
40000	MVE CONSTRUCTION IN PROGRESS	0
408	NEBULIZER	10
409	OPHTHALMOSCOPE	10
07006	ORGANS (FY 07 AHA REVIEW)	10
413	OSCILLATOR	7
318	OSCILLOSCOPE ACCESSORIES	10
410	OSCILLOSCOPE/VECTORSCOPE	10
07411	OSMOMETER (FY 07 AHA REVIEW)	7
527	OVEN, BAKING	15
07414	OVEN, LABORATORY (FY 07 AHA REVIEW)	10
528	OVEN, MICROWAVE	5
417	PACEMAKER, CARDIAC	5
07001	PHOTO COPIER LARGE (COPIES PER MONTH 50,000) FY 07 AHA REVIEW	5
07000	PHOTO COPIER SMALL (COPIES PER MONTH 1 - 49,999) FY 07 AHA REVIEW	3
422	PHOTOCOAGULATOR	10
424	PHOTOMETER	8

Type Code	Description	Life
341	PHOTOMULTIPLIER TUBE	3
07005	PIANOS, ORGANS, HARPSICHORDS (FY 07 AHA REVIEW)	20
425	PIPETTE, AUTOMATIC	10
163	PLOTTER, GRAPHICS	7
07426	POWER SUPPLY (FY 07 AHA REVIEW)	10
688	PRESS, ARBOR	15
657	PRESS, DRILL	20
242	PRESS, OFFSET, PRINTING	10
07216	PRINTER (FY 07 AHA REVIEW)	5
07468	PROCESSOR, TISSUE (FY 07 AHA REVIEW)	7
480	PROCESSOR, X RAY FILM	8
200	PROJECTORS, ALL/PC VIEWER	5
387	PUMP, INFUSION	10
463	PUMP, SUCTION	10
430	PUMP, VACUUM OR PRESSURE	10
07477	PURIFIER OR SOFTENER, WATER (FY 07 AHA REVIEW)	10
531	RACK, POT OR PAN	15
261	RADIO RECEIVERS, TRANSMITTERS	10
532	RANGE, HOUSEHOLD	10
231	READER PRINTERS NON COMPUTER, MICRO FILM/ MICROFICHE	8
252	RECEIVER OR MONITOR, TV	5
435	RECORDER, LABORATORY	10
07253	RECORDER, TV VIDEO, CAMCORDER (FY 07 AHA REVIEW)	5
208	RECORDERS, TAPE, AUDIO	5
436	REFRACTOMETER	10
160	REFRIGERATED TRAP AND CONCENTRATOR	10
533	REFRIGERATOR, COMMERCIAL	10
07437	REFRIGERATOR/FREEZERS, LAB TYPE (FY 07 AHA REVIEW)	10
438	RESUSCITATOR/RESPIRATOR	10
485	ROTORS, ALL	10
111	SAFE	20
672	SAW, ALL	10
07232	SCALES, ALL (FY 07 AHA REVIEW)	10
442	SCANNERS, ALL	8
521	SCIEN. EQUIP. CONVERTING	8
460	SCIEN. EQUIP. COUNTING	8
661	SCIEN. EQUIP. MEASURING	8
529	SCIEN. EQUIP., CUTTING	10
623	SCIEN. EQUIP., DETECTING	12
319	SCIENTIFIC EQUIP. (AMPLIFYING)	7
325	SCIENTIFIC EQUIP. (COLLECTING)	10
383	SCIENTIFIC EQUIP. (CONTROLLING)	8
2	SCIENTIFIC EQUIP. (MIXING)	7
4	SCIENTIFIC EQUIP. (RECORDING)	10
153	SCIENTIFIC EQUIP. (VIBRATING)	10
443	SCINTILLATION	8

Type Code	Description	Life
07223	SHAKING MACHINE (VORTEXER) AHA REIVEW FY 07	8
691	SHAPER	10
674	SHEARS, INDUSTRIAL/CONSTRUCTION	12
246	SHEET FEEDER	10
112	SHELVING	20
07709	SIGNAGE, MOVEABLE (FY 07 AHA)	10
450	SKELETON	10
105	SOFA	12
209	SORTER, COIN/CHANGER	10
454	SPECTROPHOTOMETER	8
453	SPECTROSCOPE	10
174	STAND, IRRIGATING	15
537	STEAMER, FOOD	10
457	STERILIZER, LABORATORY	15
296	STEROTAXIC INSTRUMENTS	10
459	STIMULATOR, MUSCLE	10
113	STOOL, METAL OR WOOD	20
07708	STORAGE TRAILERS AND TRAILER-MOUNTED CONTAINERS IRS FY 07	6
218	STORAGE UNIT, MECHANICAL/UNMECHANICAL	15
07451	STRAINER, SLIDE LABORATORY (FY 07 AHA REVIEW)	7
206	SUPER COMPUTER/SERVER	5
299	SURVEYING EQUIPMENT	7
373	SYSTEMS, HEART LUNG	8
179	TABLE OPERATING	15
114	TABLE, ALL	20
176	TABLE, AUTOPSY/CADAVER	20
116	TABLE, DRAFTING/GRAPHIC	15
177	TABLE, EXAMINING	15
181	TABLE, THERAPY AND REFRIGERATED	15
263	TELECOM MOVABLE EQUIPMENT	10
264	TELEPHONE SWITCH(USED)	3
07004	TELESCOPE (FY 07 AHA REVIEW)	10
254	TELEVISION	5
466	TENT, OXYGEN	8
217	TERMINAL, MODEM	5
07339	TESTER, CONDUCTIVITY (FY 07 AHA REVIEW)	5
694	TESTER, PRESSURE	5
07467	THERMOMETER, ELECTRONIC (FY 07 AHA REVIEW)	5
07428	TIMER, AUTOMATED (FY 07 AHA REVIEW)	8
469	TITRATOR, AUTOMATIC	10
538	TOASTER, COMMERCIAL TYPE	10
801	TRAMPOLINE	7
238	TRANSCRIBING EQUIPMENT	5
470	TRANSDUCERS	3
262	TRANSFORMER	14
471	TREADMILL, ELECTRIC	8

Type Code	Description	Life
07472	TUBE TESTER (FY 07 AHA REVIEW)	10
239	TYPEWRITER	5
540	URN, ALL	10
295	VACUUM SYSTEMS, MEDICAL /LAB	14
475	VIBRATOR	10
545	WARMER, FOOD OR DISH	10
327	WASHER, BOTTLE	8
07009	WASHING MACHINE COMMERCIAL LARGE (FY 07 AHA REVIEW)	15
07007	WASHING MACHINE COMMERCIAL SMALL (FY 07 AHA REVIEW)	10
07008	WASHING MACHINE DOMESTIC (FY 07 AHA REVIEW)	8
07686	WATER HEATER, COMMERCIAL (FY 07 AHA)	10
685	WELDERS	10
07211	WORKSTATION (FURNITURE) FY 07 AHA REVIEW	10
249	WRAPPER/SHRINKER, PACKAGING SYSTEMS	10
07478	X RAY DEVELOPER (FY 07 AHA REVIEW)	10
07482	X RAY UNIT, ALL (FY 07 AHA REVIEW)	5

Fabrication

Asset Type Code	Description	Life	Notes
40000	MVE CONSTRUCTION IN PROGRESS	0	**

Partial Payments

Asset Type Code	Description	Life	Notes
40004	MOVABLE ASSETS NOT YET RECEIVED, OR PLACED IN SERVICE	0	*

40004 Use asset type code "40004" when any of the following conditions exist:

1. The equipment will not be received within the current fiscal year, even if the payment is made prior to the fiscal year end.
2. Partial payments will be issued for the equipment (down payment) and the equipment is not expected to be received in the current period.
3. Equipment has been received, but will not be placed in service prior to the fiscal year end. Example: Equipment was purchased for a new lab; however, the lab will not be completed for 3 months. In this example the asset type code should be updated when the lab is completed and the asset placed in service.
4. Assembling an asset. When components are purchased to assemble an asset that will not be placed in service prior to the fiscal year end. Example: a department purchases a cab and chassis for a truck but the initial purchase does not include the body. The truck will not be operational until the body is ordered and the parts assembled to complete the truck.

Capital Leases**Notes**

90001	12 MONTH LEASE UNDER CAP THRESHOLD	1	*
90002	24 MONTH LEASE UNDER CAP THRESHOLD	2	*
90003	36 MONTH LEASE UNDER CAP THRESHOLD	3	*
90004	48 MONTH LEASE UNDER CAP THRESHOLD	4	*
90005	60 MONTH LEASE UNDER CAP THRESHOLD	5	*
90006	72 MONTH LEASE UNDER CAP THRESHOLD	6	*
90007	12 MONTH LEASE >= CAP THRESHOLD	1	*
90008	24 MONTH LEASE >= CAP THRESHOLD	2	*
90009	36 MONTH LEASE >= CAP THRESHOLD	3	*
90010	48 MONTH LEASE >= CAP THRESHOLD	4	*
90011	60 MONTH LEASE >= CAP THRESHOLD	5	*
90012	72 MONTH LEASE >= CAP THRESHOLD	6	*

90001- 90006 For capital lease-purchases where the unit cost of the equipment is below the \$5,000 capitalization threshold. Select the asset type code where the useful life matches the terms of the lease agreement.

90007-90012 For capital leases where the unit cost is \$5,000 or more and the lease agreement meets GAAP requirements 3 & 4. Select the asset type code where the useful life matches the terms of the lease agreement.

When the lease agreements meet GAAP requirements 1 & 2, the leased equipment must be depreciated at the university's useful life. GAAP requirement number 2 is the bargain purchase option.

Notes

**	Should not be used on EPIC CAMS Document
*	Should not be changed after asset is created.

Asset Types Codes for Non-Movable Equipment

Asset Type	Asset Type Description	Life in Years
60000	ART & MUSEUM OBJECTS	0
40001	BLDG CONSTRUCTION IN PROGRESS	0
20008	BOND ISSUANCE COST	20
20006	BUILDING BETTERMENTS	10
20001	BUILDING ELECTRICAL	20
20002	BUILDING MECHANICAL	20
20007	BUILDING MODULAR	5
20000	BUILDING OLD BASE	40
20005	BUILDING OTHER COMPONENTS	15
20003	BUILDING STRUCTURAL	40
20004	BUILDING TELECOM	20
40002	INFRASTRUCTURE CONSTRUCTION IN PROGRESS	0

50001	INFRASTRUCTURE ROAD/WATERWAY IMPROVEMENTS	20
50003	INFRASTRUCTURE STREET IMPROVEMENTS	10
50002	INFRASTRUCTURE UNDERGRND DIST & COLLECTION SYS	40
50000	INFRASTRUCTUREINFRASTRUCTUREINFRASTRUCTURE	5
10000	LAND	0
70000	LEASEHOLD IMPROVEMENTS	0
70001	LEASEHOLD IMPROVEMENTS	4
70002	LEASEHOLD IMPROVEMENTS	10
70003	LEASEHOLD IMPROVEMENTS	19
40003	LI CONSTRUCTION IN PROGRESS	0
10002	LI LANDSCAPING IMPROVEMENTS	20
10004	LI SEAL & STRIPE PARKING LOTS	5
10003	LI SEPTIC SYSTEMS	40
10001	LI YARD/FENCING/BARRIERS	10
30000	LIBRARY BOOKS	10
90000	PATENTS, COPYRIGHTS & TRADEMARDS	17

Asset Type Code for Control Asset

Only the University Capital Asset Office uses the asset type code of 1000. This code is used to create a control asset. Control assets are used to post expenditures that are reclassified to expendable equipment.

Type code	Description	Life
1000	ASSET CONTROL (GEC)	0