



The University of New Mexico

## MEMORANDUM

**TO:** Deans, Directors, Departments Heads, & Business Managers

**RE:** Increase to \$5,001 for Capitalized Equipment

**DATE:** July 1, 2005

House Bill 1074 was approved during the recent legislative session and becomes effective July 1, 2005. House Bill 1074 revises the definition of equipment to any movable item with a useful life greater than one year and a cost greater than \$5,000. This increase in the threshold of capitalized equipment will necessitate a change in the use of account codes when purchasing equipment items, as explained in the table on the backside of this memo.

To ensure the safeguarding of computers purchased with University funds, computers with a cost between \$1,000 and \$5,001 will be considered “non-capitalized” equipment and will continue to be included on all departmental inventories received from Property Accounting, and future purchases of computers will be tracked. All other equipment items less than \$5,001 will be removed from the Property Accounting inventories but should continue to be monitored and tracked by the responsible department. Guidelines for departmental tracking of non-capitalized equipment have also been included with this memo.

Please use the account codes and guidelines attached for equipment purchases. If you have any questions regarding the new equipment limits or use of account codes, you can contact Property Accounting at 277-7715.

Sincerely,

William W. Britton  
Associate Vice President for Financial Services, Main Campus

<b>Account Codes for Equipment Purchases</b>			
<b><i>Type of Funds used for Equipment Purchase</i></b>	<b><i>Type of Equipment Purchased</i></b>	<b><i>Cost of Item</i></b>	<b><i>Account Code</i></b>
Restricted Contract or Grant	Computer	> \$5,000	9020
Restricted Contract or Grant	All Other Equipment	> \$5,000	9000
Restricted Contract or Grant	Computer	between \$1,000 and \$5,001	3189
Restricted Contract or Grant in effect prior to July 1, 2005	All Other Equipment	between \$1,000 and \$5,001	3185
Restricted Contract or Grant	"Equipment" less than < \$1,000	< \$1,000	3180
Non-Contract or Grant	Computer	> \$5,000	9020
Non-Contract or Grant	All Other Equipment	> \$5,000	9000
Non-Contract or Grant	Computer	between \$1,000 and \$5,001	3189
Non-Contract or Grant	"Equipment" less than < \$5,001	< \$5,001	3180

**Guidelines for Departmental Tracking of Non-Capitalized Inventory:**

- UNM ownership should be indicated by an internal departmental label. Property Accounting tags on existing equipment items can remain and can be utilized for tracking purposes.
- Logs should be maintained for items taken off campus. The log should indicate the name of the individual taking the item, the reason for the check out, the date the item is removed from campus, and the date the item is returned. The individual checking out the item should sign on both dates. (see UBP #7730, Taking University Property Off Campus, for further information and Check Out Form Exhibit.)
- Location of items should be maintained and revised as items are moved.
- Annual inventories of capitalized and non-capitalized equipment should be conducted. Inventories for capitalized equipment and computers will be generated and distributed by Property Accounting. The department should generate inventories for non-capitalized equipment.
- Items can be removed from internal departmental inventories as they are disposed of through Surplus Property.