



Controlled Assets:

Controlled asset purchases should be budgeted in Account Pool 7010.

Hand Guns and Rifles are controlled at ANY cost. All other items from the below list are controlled from \$500.00 to \$4,999.99.

Account Code 737400 - OC Furnishings and Equipment Controlled

- Hand Guns
- Rifles
- Sound Systems and other Audio Equipment
- Cameras
- TVs, Video Players/Recorders
- Data Projectors

Account Code 737800 – OC Computer Equipment Controlled

- Computers – Desktop, Laptop and Tablet

Capital Asset Determination:

Capital asset purchases should be budgeted in Account Pool 7050.

The threshold for capital assets is \$5,000.00. The following items **ARE** considered part of the capital asset cost and should be assigned the same Account Code as the equipment purchased:

- Trade-in value of any item(s) that are used as a trade when purchasing new equipment (HSC OP 63.10 Attachment C – Items Used As Trade-In should be submitted with the purchase requisition)
- Initial installation
- Freight and transportation charges
- Preparation costs
- Professional fees associated with the acquisition/installation of capital equipment
- Modifications
- Items that will be attached to the equipment
- Accessories
- Any apparatus necessary to make the asset usable and render it into service

The following list of items **ARE NOT** considered part of the capital asset cost. These types of charges must be itemized and expensed separately:

- Extended warranties
- Maintenance agreements
- Additional parts
- Consumables
- Training

Guidelines for Controlled and Capitalized Items

Capitalization of Computer Software:

Software, including license fees, is capitalized if the estimated useful life is one year or greater and the **total dollar amount of the software meets the \$100,000.00 threshold criteria.**

Capitalization of Works of Art and Historical Treasures:

Works of art and historical treasures definition: “Collections or significant individual items that are owned by a state agency and are not held for financial gain but rather for public exhibition, education or research as part of a public service. Collections or individual items that are protected and cared for or preserved are subject to an organizational policy that requires the proceeds from their sales to be used to acquire similar items.”

Works of art and historical treasures capitalization threshold: **Any cost.**

Examples of expenditures to capitalize as works of art and historical treasures:

- Collections of rare books and manuscripts
- Maps, documents and recordings
- Works of art such as paintings, sculptures and designs
- Artifacts, memorabilia and exhibits
- Unique or significant structures

Capitalization of Leased Property:

Leased property should be capitalized if the lease agreement meets any one of the following criteria:

- The lease transfers ownership of the property to TTUHSC by the end of the lease term
- The lease contains a bargain purchase option
- The lease term equals 75 percent or more of the estimated economic life of the leased property
- The present value of the minimum lease payments at the inception of the lease, excluding executor costs, equals at least 90 percent of the fair value of the leased property

Leases that **DO NOT** meet any of the above criteria should be processed under an expense Account Code.

Capitalization of Building Improvements:

To be considered capitalized events, building improvements must materially extend the useful life of a building or increase its value or both and **meet the capitalization threshold of \$100,000.00.** Examples of expenditures for improvements to buildings are:

Guidelines for Controlled and Capitalized Items

- Conversion of attics, basements, etc., to usable office, clinic, research or classroom space.
- Structures attached to the building e.g., covered patios, sunrooms, garages, carports, enclosed stairwells
- Installation or upgrade of heating and cooling systems
- Original installation/upgrade of wall or ceiling covering e.g., carpeting, paneling
- Structural changes e.g., reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, other interior framing
- Installation or upgrade of window or door frame, upgrading of windows or doors, built-in closet and cabinets
- Interior renovation associated with casings, baseboards, light fixtures, ceiling trim, etc.
- Exterior renovation e.g., installation or replacement of siding, roofing, masonry
- Installation or upgrade of plumbing and electrical wiring
- Installation or upgrade of phone, closed circuit television systems, networks, fiber optic cable or wiring required for the installation of equipment that remain in the building
- Other costs associated with capitalized improvements

The following list of items **ARE NOT** considered building improvements. These types of charges must be broken out (itemized) and expensed separately:

- Adding, removing and/or moving walls relating to renovation projects that are not major rehabilitation projects and do not increase the value of the building
- Improvement projects of a minimal or no added life expectancy and/or value to the building
- Plumbing or electrical repairs
- Cleaning, pest extermination or other periodic maintenance
- Interior decoration
- Exterior decoration e.g., detachable awnings, uncovered porches, decorative fences
- Maintenance-type interior renovation e.g., repainting, touch-up plastering, sink and fixture refinishing, replacement of carpet, tile or panel section
- Maintenance-type exterior renovation e.g., repainting, replacement of deteriorated siding, roof, masonry sections
- Replacement of a part of component of a building with a new part of the same type and performance capabilities e.g., replacement of an old boiler with a new one of the same type and performance
- Any maintenance-related expenditure that does not increase the value of the building

Guidelines for Controlled and Capitalized Items

Facilities and Other Improvements:

The capitalization threshold for facilities and other improvements is \$100,000.00.

Examples of expenditures for facilities and other improvements are:

- Fencing and gates
- Landscaping
- Parking lots, driveways or parking barriers
- Outside sprinkler systems
- Recreation areas and athletic fields (including bleachers)
- Paths and trails
- Septic systems
- Fountains
- Plazas and pavilions
- Retaining walls