

Policies & Procedures

Property

Increase in Equipment Capitalization Threshold to \$5,000

As of July 1, 2011, the Florida Board of Governors approved BOG Regulation 9.001, 9.002, 9.003 and 9.0031 which relates to the capitalization threshold. Through fiscal year 2011, tangible personal property greater than \$1,000 and library resources greater than \$250 all have been capitalized. As of July 1, 2011, the threshold is increased from \$1,000 to \$5,000 for tangible personal property but library resources greater than \$250 will remain at the same threshold.

The primary reasons for the change are (1) to reduce the administrative costs of recording and tracking items of equipment, and (2) to enhance overall stewardship and control of the University's assets by eliminating the requirement to record and track relatively low valued items, so more attention and effort can be given to safeguarding the remaining, higher valued items.

How does this affect you? Please read the following:

* Inventory Requirements – Effective July 1, 2011, only those tangible personal property items with a cost of greater \$5,000 and library resources with a cost greater than \$250 will generally be required to be inventoried. This should substantially reduce the amount of time and resources that department administrative staff must spend performing this important function.

* Purchasing Equipment - Effective July 1, 2011, any assets purchased having a value below \$5,000 will be recorded as operating expense and will not be capitalized.

* Assets encumbered over \$1,000 and less than \$5,000 as of June 30, 2011 – These assets will be received during fiscal year 2012 and therefore will be expensed from your operating budget.

If you have any additional questions, please contact Lien McMullen, Associate Controller for General Accounting, FAU and FAU Finance Corp Financial Reporting, and Property Management lmcmullen@fau.edu.