CAPITAL ASSET MANAGEMENT
OBJECTIVES

• To determine whether equipment is capital or non-capital
• Helpful information to include on requisition
• Use of proper G/L accounts
• eBARS New Inventory Worksheet
• Disposal
• Annual Inventory
The purpose of capital asset management is to ensure capital equipment information in the inventory database is current and accurate to contribute to the controls and safeguards of the University’s assets.
DEFINITIONS

• Capitalization Threshold
  ➢ Capital equipment is any moveable equipment purchased, including accessories, installation, shipping and handling, where the purchase price is $5,000 or more.
  ➢ Non-capital equipment is any moveable equipment purchased at less than $5,000.

• General Ledger (G/L) Accounts
  ➢ A structure used to record values to represent assets, liabilities, fund balances, revenues and expenses.
  ➢ Capital equipment G/L accounts begin with 550xxx.
  ➢ Common expense G/L accounts used by departments for non-capital equipment begin with 53xxxx and 54xxxx.

• eBARS
  ➢ Electronic Barcoded Assets Resource System.
  ➢ The University’s integrated facilities, vehicle, and equipment inventory system.
DEFINITIONS (CONTINUED)

• Moveable Equipment
  ➢ Moveable property retains its identity as a separate and identifiable item.
  ➢ The term moveable equipment includes lab, scientific, and dental equipment, furniture, furnishings, fixtures, machinery and instruments.

• Trade-In
  ➢ When UK gives a vendor a piece of old equipment in exchange for a discount (trade-in value) on a new piece of equipment.

• Inventory Worksheet
  ➢ Printed copy of the information from eBars on a specific piece of equipment.

• Goods Receipt
  ➢ Confirms ownership of goods received by the University, posts charge to the cost center and the G/L account.
ASSET FLOWCHART

Purchase Requisition

Purchase Order/Goods Receipt

eBARS

Inventory Worksheet
Capital moveable equipment is any **single item** or **system**:
- Costing $5,000 or more
- Having a useful life of two years or longer

**The cost of capital equipment includes:**
- Equipment
- Accessories
- Shipping and Handling
- Installation
- Software (when purchased with the system)
- Trade-in amounts

**Capital equipment does not include:**
- Warranties
- Expendable Supplies (office, lab, etc.)
- Software (when purchased separately)
- Maintenance Agreements
Non-Capital equipment is any **single item** or **system** costing less than $5,000 including:

- Equipment
- Accessories
- Shipping and Handling
- Installation
- Software (when purchased with the system)
- Trade-in amounts
HELPFUL INFORMATION TO INCLUDE ON REQUISITION

Requisition Major Sections

- Header (Top)
- Item Overview (Middle)
- Item Details (Bottom)
Information provided on the purchase requisition that is relevant to equipment purchases for Purchasing, Inventory (Capital Assets Accounting), Accounts Payable, Vendors, and Shippers.
HELPFUL INFORMATION TO INCLUDE ON REQUISITION

Examples of important information to include in the Header Text

- **Trade-in:**
  - Property number of the equipment traded in
  - Trade-in value received for the item

- **Accessory to existing equipment:**
  - Provide the property number of that equipment

- **If the location of this item is going to be different than the delivery address:**
  - Building name
  - Room number
HELPFUL INFORMATION TO INCLUDE ON REQUISITION

Header- Examples (Continued)

• If known, include the model number and serial number
  ➢ Helps to identify the correct piece of equipment

Trade-in to property number A778958, serial number 12345ABCD. Trade-in discount $4,500.
**HELPFUL INFORMATION TO INCLUDE ON REQUISITION**

**Line Item Description**

This description will be the item description in eBars.

<table>
<thead>
<tr>
<th>Item</th>
<th>Acct Asgnt Cat.</th>
<th>I</th>
<th>Des.Vendor</th>
<th>Vendor Material Num</th>
<th>Short Text</th>
<th>Quantity</th>
<th>Unit</th>
<th>Val. Price</th>
<th>£</th>
<th>Total Value</th>
<th>Plant</th>
<th>Delivery Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>K</td>
<td></td>
<td>126512</td>
<td>Microfuge 22R</td>
<td>Refrigerated Microcentrifu...</td>
<td>1</td>
<td>ea</td>
<td>5900.00</td>
<td></td>
<td>0.00</td>
<td>UK00</td>
<td>12/1/2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please DO NOT use the Catalog Numbers as a description!!
HELPFUL INFORMATION TO INCLUDE ON REQUISITION

Details - Delivery Address

Note: Only one delivery address is allowed per requisition.

<table>
<thead>
<tr>
<th>Item</th>
<th>Refrigerated Microcentrifuge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>University of Kentucky</td>
</tr>
<tr>
<td></td>
<td>Internal Medicine - Cardiology</td>
</tr>
<tr>
<td>House no./street</td>
<td>900</td>
</tr>
<tr>
<td>City/State/ZIP Code</td>
<td>Lexington</td>
</tr>
<tr>
<td>Country</td>
<td>US</td>
</tr>
</tbody>
</table>

If the location of this item is going to be different than the delivery address, provide the building name and room number of where this item will be located in the header box.
HELPFUL INFORMATION TO INCLUDE ON REQUISITION

Create Attachment

The vendor quote should be electronically attached to the requisition.

Click black triangle on right side of Services for Object icon

Attachments provide important information supplied by the vendor or departments not found elsewhere in the requisition.
HELPFUL INFORMATION TO INCLUDE ON REQUISITION

Create Attachment

Click the black triangle on the right side of Services for Object icon

Select Create Document in SAP DB
HELPFUL INFORMATION TO INCLUDE ON REQUISITION

Create Attachment

Locate and highlight file within your drive(s)

Click Open to attach

Attachment successful message shows at bottom left of screen. Attachment will execute when document is saved.
The GL Account is an accounting number that represents the goods or services purchased.
# Capital Equipment G/L Accounts ($5K or more)

<table>
<thead>
<tr>
<th>SAP</th>
<th>Description</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>550010</td>
<td>Computing Hardware</td>
<td>Processing equipment and the associated physical equipment directly involved in the performance of communications and data processing.</td>
</tr>
<tr>
<td>550030</td>
<td>Lab &amp; Scientific Equipment</td>
<td>Microscopes, centrifuges, balances, electron microscopes; excludes laboratory casework.</td>
</tr>
<tr>
<td>550040</td>
<td>Hospital &amp; Medical Equipment</td>
<td>Purchase of all equipment for hospital and/or medical purposes excluding equipment otherwise specified.</td>
</tr>
<tr>
<td>550050</td>
<td>X-Ray Equipment</td>
<td>Purchase of X-ray equipment including all scanning equipment used in hospitals or clinics.</td>
</tr>
<tr>
<td>550060</td>
<td>Fine Art-Inexhaustible</td>
<td>Purchase of art objects for the University Art Museum or other authorized locations. Capitalize all fine art regardless of cost.</td>
</tr>
</tbody>
</table>
### Capital Equipment G/L Accounts (continued)

<table>
<thead>
<tr>
<th>SAP</th>
<th>Description</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>550070</td>
<td>Vehicles</td>
<td>Purchase of vehicles excluding tractors.</td>
</tr>
<tr>
<td>550080</td>
<td>Other Equipment &amp; Furnishing</td>
<td>Purchase of equipment and furnishing not included in any other category.</td>
</tr>
<tr>
<td>550090</td>
<td>Fabricated Equipment</td>
<td>Used for equipment fabricated or constructed on job orders such as work tables, benches, cabinets and other such items of movable equipment and furnishing</td>
</tr>
<tr>
<td>550100</td>
<td>Athletics Equipment</td>
<td>Purchase of athletic equipment for varsity and intra-varsity sports.</td>
</tr>
<tr>
<td>551140</td>
<td>Lease/Purchase/Equipment</td>
<td>Equipment acquired under lease/purchase contracts or agreements.</td>
</tr>
</tbody>
</table>
**USING THE PROPER G/L ACCOUNTS**

Non-Capital G/L Accounts (Less than $5K)

<table>
<thead>
<tr>
<th>SAP</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>533031</td>
<td>Service and maintenance contracts- equipment</td>
</tr>
<tr>
<td>533032</td>
<td>Service and maintenance contracts- scientific equipment</td>
</tr>
<tr>
<td>533042</td>
<td>Service and maintenance contracts- office equipment</td>
</tr>
<tr>
<td>535200</td>
<td>Service and maintenance contracts- computers</td>
</tr>
<tr>
<td>535205</td>
<td>Tech software and supplies</td>
</tr>
<tr>
<td>540311</td>
<td>Chemical &amp; lab supplies</td>
</tr>
<tr>
<td>540334</td>
<td>Office supplies</td>
</tr>
<tr>
<td>540357</td>
<td>Furniture and other moveable equipment costing less than $5000</td>
</tr>
<tr>
<td>540358</td>
<td>Computers and minor technology equipment costing less than $5000</td>
</tr>
<tr>
<td>540360</td>
<td>Non-capital items required to be traced under Sponsored Project Agreements</td>
</tr>
</tbody>
</table>

If non-capital equipment is purchased on a capital equipment G/L, Capital Assets Accounting will move it to one of the following G/L accounts.
EBARS NEW INVENTORY WORKSHEET

Property Number is assigned by Capital Assets Accounting

- Property tags are sent with the new inventory worksheet and should be applied to the equipment upon receipt.
- Property tags for non-capital equipment may be requested at the department’s discretion.
EBARS NEW INVENTORY WORKSHEET
To Get Document Number: Click on FI Documents and then Accounting Document

Accounting Document Number
EBARS NEW INVENTORY WORKSHEET

Accounting Document Number

Cost Object Number
### EBARS NEW INVENTORY WORKSHEET

**Description**

**Cost**

<table>
<thead>
<tr>
<th>Sh.</th>
<th>MvT</th>
<th>Item</th>
<th>Posting Date</th>
<th>Quantity</th>
<th>OUn</th>
<th>Qty in OUn</th>
<th>Amount in LC</th>
<th>Amount Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>GR</td>
<td>101</td>
<td>5501051725</td>
<td>10/07/2015</td>
<td>1</td>
<td>EA</td>
<td>1</td>
<td>6,409.26</td>
<td>6,409.26</td>
</tr>
<tr>
<td>Tr./Ev. Goods receipt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>EA</td>
<td>1</td>
<td>6,409.26</td>
<td>6,409.26</td>
</tr>
<tr>
<td>IR-L</td>
<td>510678311</td>
<td>10/07/2015</td>
<td>1</td>
<td>EA</td>
<td>1</td>
<td>6,409.26</td>
<td>6,409.26</td>
<td>8042725569</td>
</tr>
<tr>
<td>Tr./Ev. Invoice receipt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>EA</td>
<td>1</td>
<td>6,409.26</td>
<td>6,409.26</td>
</tr>
</tbody>
</table>
• Departments should add or revise information on the worksheet as necessary and send the worksheet back to Capital Assets Accounting for processing.

• Common revisions are to the Building and Room ID fields, the Model No. and Serial No. fields, as well as the description.
All equipment items must be disposed of in accordance with University policy and Commonwealth of Kentucky regulations. It is the department’s responsibility to follow-up and make sure that all items that are reported as disposed are removed from their department’s inventory.

For detailed information on the University's policies and procedures regarding disposal, please visit our website:

DISPOSAL

Disposal Categories

**Surplus:**
- Items that are no longer needed or used by a department may be sent to Surplus. A [Surplus Property Pickup Form](mailto:Surplus@uky.edu) must be filled out and emailed to Surplus@uky.edu and the item(s) will be picked up by Trucking and taken to Surplus.
- It is the department’s responsibility to ensure that these items are recorded properly as Surplus. Keep a copy of the stamped Surplus Property Pickup Form from Trucking for your records.
- These items are advertised on the [Surplus website](http://surplus.uky.edu) for a period of two weeks to give other units within the University an opportunity to claim these items.
- Items that are not claimed by another University department are then sold or recycled.
Disposal Categories

Trade-In:
- Items that are no longer needed by a department may be traded-in for a discount on the purchase of new equipment.
- **ALL** trade-ins must be approved by Capital Assets Accounting. Please email Bill Coleman (wecole2@uky.edu) to begin the process.
- The property number and trade-in value of the item being traded-in must be listed on the PO for the new equipment.
- Failure to follow procedure will result in the improper recording of the new asset’s value and the old asset remaining on inventory.

Theft:
- Items that are stolen are removed from active inventory.
- Stolen items must be reported as such to the UK police department and a Capital Equipment Theft Report form, along with the police report, must be submitted to Capital Assets Accounting.
Disposal Categories

Transfer:
- Items that are no longer needed by a department may be transferred to another University department.
- A Capital Equipment Transfer Request form must be filled out and signed by both departments before being submitted to Capital Assets Accounting.

Destroyed for Parts:
- Items that are destroyed and used as parts in another piece of equipment may be designated as destroyed for parts.
- This disposition status is usually only used for computer/electric equipment.
- A memo from the department head that includes the property number of the equipment items destroyed and how they were used must be submitted to Capital Assets Accounting.
In accordance with University policy and Commonwealth of Kentucky regulations, all capital equipment must be physically counted annually. Each department is responsible for completing its inventory using eBars, the University’s web-based equipment inventory system.

Users must request access to this system on the eBars website: https://myuk.uky.edu/zAPPS/ebars
ANNUAL INVENTORY

Annual Inventory Process

• The annual inventory runs from the beginning of November to the end of January.
• All capital equipment items must be scanned.
• The department owning the item is responsible for scanning the item.
• Any item that is not scanned is an exception and the appropriate documentation must be submitted to Capital Assets Accounting to account for this item.

For more detailed information on the annual inventory process please view the Inventory Training manual on the eBars website:

https://myuk.uky.edu/zAPPS/ebars/UserInfo/2017-18%20Equipment%20Inventory%20Instructions%20(New%20Website).pdf
RECAP

• Capitalization threshold

• Helpful information to include on requisition (header notes, emails, quotes, other attachments)

• G/L Accounts - Using the correct G/L Accounts (Capital & Non-capital)

• Information is taken from SAP and input into eBars to create the inventory worksheet

• Disposal and disposition categories

• Annual Inventory
For questions regarding equipment inventory, please contact:

William (Bill) E. Coleman: wecole2@email.uky.edu

or

Steve Strunk: sstrun0@email.uky.edu

For additional information and resources please visit our website http://www.uky.edu/ufs/capital-assets-accounting

For more information on the University’s capitalization policy please refer to Business Procedure Manual E-12-1