

**INVENTORY MANAGEMENT**Property Classifications

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost of greater than or equal to \$5,000 (2 C.F.R. §200.33).

Supplies means all tangible personal property other than those classified as Equipment. A computing device is a supply if the acquisition cost is less than \$5,000, regardless of the length of its useful life (2 C.F.R. §200.94).

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information (2 C.F.R. §200.20).

Capital assets means tangible or intangible assets used in operations with a cost (if known) or fair market value greater than or equal to \$5,000 and a useful life of more than one year for new or replacement items.

In the case of modifications or upgrades, the cost is greater than or equal to \$5,000 for equipment, and \$10,000 for buildings and other improvements and the changes accomplish one or more of the following:

1. Prolongs the useful life of the asset
2. Adapts the asset to a new or different use
3. Substantially increases the value of the asset
4. Does not substantially replace a current asset

Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life -not ordinary repairs and maintenance (2 C.F.R. §200.12).

Infrastructure improvements have a cost greater or equal to \$10,000 and a useful life of greater than five years.

The business office manual contains procedures for the following:

- Capital Asset Tags
- Record Keeping
- Physical Inventory
- Use of Equipment
- Disposal of Equipment

All of the procedures above meet the requirements of 2 CFR §200.313 – Equipment and Capital Expenditures required by the Federal Government.

\*Personal Property: Tangible personal property refers to any type of property that can be moved, such as furniture and computers. It can also be depreciated. Property that cannot be moved, such as land and buildings, is referred to as real property.

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