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1. Purpose. To set forth the regulations and procedures governing the control and reporting of capital and controlled assets.

2. Definitions. For the purpose of these regulations and procedures the following definitions apply.

2.1 "Ancillary Charges" include, but are not limited to:

- Costs necessary to place the asset in its intended location and condition for use;
- Freight and transportation charges;
- Site preparation costs; and,
- Professional fees.

2.2 "Assets" means both capital and controlled assets when used without specifically indicating either.

2.3 "Capital Assets" means University owned real or tangible personal property having:

- A value equal to or greater than the capitalization threshold (see Section 6 below.) for the particular classification of the capital asset; and,
- Having an estimated useful life of greater than one year from the time of acquisition.

2.4 "Controlled Assets" means those University owned items with a historical cost of less than $5,000, but which are particularly at risk or vulnerable to loss or theft (see Section 21 below.)

2.5 "Historical Cost" means the purchase price or other acquisition value, plus ancillary charges.

2.6 "Residual Value" means the estimated selling price, less estimated costs of disposal, at the time an item is disposed of or taken out of service.

2.7 "Straight-Line Method" means the method of calculating depreciation of a capital asset in which the historical cost of the capital asset, less any residual value, is pro-rated over the useful life of the item. (Historical cost less residual value/useful life = annual depreciation expense.)

2.8 "Useful Life" means the estimated number of months or years an asset will be useable for its intended purpose.

3. Applicability. These regulations apply to any capital or controlled assets owned or used by the University. Assets include, but are not limited to, those received by donation and those purchased from:

- General funds;
- Sponsored program funds;
- Contract funds;
- Building and construction funds; and,
- Restricted or designated funds.

4. Ownership and Title. Ownership of all assets acquired by the University is vested in the University rather than any individual Department.

4.1 Exceptions. Ownership of some assets purchased with sponsored program, contract, or agency funds shall be, by written agreement, retained by or shall revert to the funding agency. The University shall remain responsible and accountable for such assets while in the University's custody.

5. Responsibility.

5.1 VPAT. The VPAT shall be responsible for administering the policy and related regulations and procedures. Responsibility for inventorying is delegated to the Director of Business Services. Responsibility for recording capital asset acquisitions and disposals, and for capital asset reporting, is delegated to the Controller/Director of Accounting.

5.2 Department Head. The Department Head is responsible for custody and control of assets assigned to the applicable Department.

5.3 Principal Investigator. The Principal Investigator is responsible for custody and control of assets assigned to sponsored programs.

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6. Capitalization Thresholds.

Capital Asset Category	Thresholds
Land and land improvements	Capitalize all
Buildings and building improvements	$100,000
Infrastructure and infrastructure improvements	$100,000
Construction in progress	Accumulate all costs and capitalize if over $100,000 when completed.
Leasehold improvements	$100,000
Property under capital lease	Depending on the asset, use the threshold for the appropriate asset category.
Furniture, equipment, and books and other reference materials not circulated to students or the general public.	$5,000
Works of art and historical treasures	Capitalize all unless they meet the definition of a collection (See Section 18.2, Works of Art and Historical Treasures).
Library resources	Capitalize all
Other capital assets	$5,000

7. Reporting Capital Assets.

7.1 Purchased Assets. Capital assets shall be recorded at historical cost, including ancillary charges.

7.2 Donated Assets. These assets shall be recorded at their estimated fair value at the time of acquisition plus any ancillary charges. Donated land's capitalized value is to reflect its appraised or fair market value at the time of acquisition.

7.3 Special Historical Cost Considerations.

7.3.1 When not practicably determinable, the historical cost shall be estimated by appropriate methods. Estimated historical costs and the basis for determination of the estimate shall be noted in the capital asset records.

7.3.2 When the capital asset is constructed by Employees, the historical cost shall be the cost of:

- Material;
- Direct labor; and,
- Overhead identifiable to the project.

7.4 Improvements. Improvements to a capital asset extending its useful life more than one year shall be capitalized.

7.5 Timeliness of Reporting. The Department Head or Principal Investigator is responsible for reporting these assets to the Manager of Inventory Control Services at the date of acquisition.

8. Depreciating Capital Assets.

8.1 Straight-line Method. Capital assets shall be depreciated over their estimated useful lives using the straight-line depreciation method unless they are:

- Inexhaustible, that is, land and land improvements, certain works of art, and historical treasures;
- Infrastructure assets reported using the modified approach as discussed in Governmental Accounting Standards Board Statement No. 34; or,
- Construction in progress.

8.2 Depreciation Expense. Depreciation expense will be calculated annually for each depreciable capital asset.

8.3 Accumulated Depreciation. Accumulated depreciation shall be summarized and reflected on annual financial statements.

8.4 Residual Value. An asset's estimated residual value must be established before calculating first year depreciation expense.

8.5 When to Start Depreciation. Depreciation normally begins when a capital asset is purchased or completed. However, if not placed into service immediately, depreciation shall begin when the item is placed in service. A full month's depreciation shall be calculated regardless of the day of the month the item was acquired.

8.6 Depreciation By Group or Individually. Capital assets may be depreciated either individually or in groups.

8.6.1 Items may be grouped together then depreciated as one when:

- Similar in nature, such as tables, chairs, and classroom desks; or,
- Dissimilar but related by mode of operation.

8.6.2 The estimated life of the group may be based on:

- The weighted average or the simple average of the useful lives of the individual items; or,
- An assessment of the life of the group as a whole.

9. Useful Life.

9.1 Purpose. Useful lives are used to allocate depreciation expense to the appropriate fiscal periods.

9.2 Estimating Useful Life. When estimating useful life consider the item's:

- Present condition;
- Intended use;
- Construction type (quality and materials);
- Maintenance policy;
- Weather exposure; and,
- Expected service time.

9.3 Suggested Useful Lives. The suggested useful lives of various capital asset categories are listed in the chart below. A useful life for an item different from those listed may be used if more appropriate.

Category	Item	Useful Life In Years
Land (see Section 11.1)		Not Depreciable
Land improvements (see Section 11.2)		Not Depreciable
Infrastructure		
	Fencing	10-20
	Fiber optic and telephone distribution systems	10-20
	Landscaping	5-15
	Lighting	15-20
	Parking lots	15-20
	Paving (access roadways and walks)	10-15
	Retaining walls	15-20
	Signs	10-15
	Television transmission tower	30-50
	Other infrastructure improvements	3-60

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Category	Item	Useful Life In Years
Buildings		
	Classroom buildings	40-50
	Maintenance facilities/garages/machine shops	20-40
	Office buildings/libraries	40-50
	Recreation buildings	Determined individually
	Residential buildings	20-30
	Storage facilities — wooden sheds/metal buildings	10-20
	Storage facilities — concrete/masonry buildings	20-40
	Utility plants	40-55
	Building component — carpet replacement	7-10
	Building component — HVAC systems	20-25
	Building component — interior construction	20-25
	Building component — roofing	20-30
	Building component — electrical and plumbing	25-30
	Building component — fire suppression systems/fire alarms	25-30
Building improvements		
	Extend the building's useful life based on the additional service life the improvement provides.	
Vehicles		
	Automobiles	3-6
	Contractor's equipment (such as, but not limited to, major off road vehicles, front-end loaders, large tractors, mobile air compressors.)	6-15
	Grounds equipment (such as, but not limited to, mowers, tractors, attachments.)	10-15
	Light general purpose trucks and vans	4-8
	Heavy general purpose trucks and buses	6-15
	Trailers	6-10

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Category	Item	Useful Life In Years
Machinery, equipment, and other		
	Athletic equipment (such as gymnastics, football, weight machines, wrestling mats).	7-10
	Books and reference materials not considered library resource material. (see Section 19.1)	5-7
	Classroom and office furniture (such as desks, chairs, bookcases, cabinets, credenzas, tables, work stations).	10-20
	Communications equipment (such as, but not limited to, mobile, portable radios, non-computerized).	10-15
	Computer hardware	3-7
	Custodial equipment (such as, but not limited to, floor scrubbers, vacuums).	10-15
	Hospital/clinic equipment	Determined individually
	Kitchen equipment (such as, but not limited to, appliances).	10-15
	Musical instruments	10-15
	Office equipment (such as, but not limited to, copiers, fax machines, paper shredders, filing systems).	3-10
	Other furnishings and equipment	2-25
	Science and engineering equipment (such as, but not limited to, laboratory equipment, scientific apparatus).	5-10
	Equipment and containers for bulk storage of petroleum products	10-20
	Equipment used in printing activities.	5-15
	Nurseries, greenhouses, and related equipment.	10-15
Works of art and historical treasures	See Section 18.1	Determined individually
Library resources	See Section 19.1	5-7
Construction and project in progress		Not depreciable
Other capital assets		
	Computer software externally acquired or internally generated (instructional or other short term)	5-10
	Computer software externally acquired or internally generated (administrative or long term)	10-20

10. Non-depreciable Capital Assets. Non-depreciable capital assets include:

- Land and land improvements;
- Certain works of art and historical treasures;
- Infrastructure assets reported using the modified approach as discussed in Governmental Accounting Standards Board Statement No. 34; and,
- Construction and project work in progress.

11. Capital Asset Categories and Capitalization — Land and Land Improvements.

11.1 Land Defined. Land is the surface or crust of the earth, which can be used to support structures, and may be used to grow crops, grass, shrubs, and trees.

11.2 Land Improvements Defined. Betterments, site preparation, and site improvements that ready land for its intended use.

11.3 Items to be Capitalized. Below are examples of cost items which shall be capitalized as land or land improvements.

- Purchase price, or fair market value at time of receipt of gift;
- Commissions;
- Professional fees such as, but not limited to, title searches, architect, legal, engineering, appraisal, surveying, and environmental assessments;
- Land excavation, fill, grading, and drainage;
- Demolition of existing buildings and improvements (less salvage);
- Removal, relocation, or reconstruction, of property of others such as, but not limited to railroad, telephone, and power lines; and,
- Damage payments.

11.3.1 Items not capitalized as land or land improvements include**,** but are not limited to:

- Roads, bridges, and paved parking lots;
- Fencing; and,
- Landscaping.

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12. Capital Asset Categories and Capitalization — Building and Building Improvements.

12.1 Building Defined. A structure that:

- Is permanently attached to land;
- Has a roof;
- Is partially or completely enclosed by walls; and,
- Is not intended to be transportable or movable.

A building generally houses persons, property, and fixtures attached to and forming a permanent part of the structure.

12.2 Building Improvements Defined. Expenditures materially extending the building's useful life more than one year or increasing its value by more than $100,000. Not included are routine maintenance and repairs done in the normal course of business.

12.3 Items to be Capitalized. Below are examples of cost items which shall be capitalized as buildings or building improvements.

- Original purchase price;
- Remodeling, reconditioning, or altering a purchased building to make it ready for the purpose for which it was acquired;
- Asbestos abatement and other environmental compliance action (when the cost is incurred to acquire property, plant or equipment that has a future alternative use other than remediation efforts);
- Professional fees such as, but not limited to, legal, architect, inspections, title searches, and engineers;
- Payment of unpaid or accrued taxes on the building, to date of acquisition;
- Cancellation or buyout of existing leases;
- Completed project costs of constructed buildings, including insurance premiums, interest, and related costs incurred during construction;
- Cost of building permits;
- Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building;
- Expansions, extensions, or enlargements of buildings;
- Conversion of attics, basements, or other similar areas to usable office, clinic, research or classroom space;

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- Structures attached to the building including, but not limited to, covered patios, garages, enclosed stairwells;
- Installation or upgrade of heating and cooling systems, including ceiling fans and attic vents;
- Original installation or upgrade of floor, wall, or ceiling covering such as carpeting, tiles, paneling, or parquet;
- Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing;
- Installation or upgrade of window or doorframe, upgrading of windows or doors, built-in closets, and cabinets;
- Interior renovation associated with, but not limited to, casings, baseboards, light fixtures, and ceiling trim;
- Exterior renovation such as, but not limited to, installation or replacement of siding, roofing, or masonry;
- Installation or upgrade of plumbing and electrical wiring; and,
- Installation or upgrade of telephone or closed circuit television systems, networks, fiber optic cable, or wiring required in the installation of equipment that will remain with the building.

12.4 Items Excluded from Capitalization. Below are examples of cost items which shall not be capitalized as buildings or building improvements, but instead expensed.

- Remodeling/improvement/building conversion projects adding minimal or no useful life expectancy and/or value to the building;
- Asbestos and other pollution remediation costs, where remediation is the principal or sole purpose of the associated project;
- Plumbing or electrical repairs;
- Cleaning, pest extermination, or other routine and/or periodic maintenance;
- Interior decoration including, but not limited to, draperies, blinds, curtain rods, wallpaper;
- Exterior decoration including, but not limited to, detachable awnings, uncovered porches, decorative fences;
- Maintenance type interior renovation including, but not limited to, repainting, touch-up plastering, replacement of carpet, tile, or panel sections, window coverings, sink and fixture refinishing; and,
- Maintenance-type exterior renovation including, but not limited to, repainting, replacement of sections of deteriorating siding, roofing, or masonry.

12.5 Depreciating Building Improvements. Depreciation expense shall be calculated as follows:

[Original building historical cost plus cost of improvements less accumulated depreciation recognized to date] divided by [the revised useful life (remaining life existing before the improvement) plus the additional service life provided by the improvement].

13. Capital Asset Categories and Capitalization — Infrastructure and Infrastructure Improvements.

13.1 Infrastructure Defined. Infrastructure assets are normally long-lived capital assets in nature and normally can be preserved for a significantly greater number of years than most capital assets.

13.2 Infrastructure Improvements Defined. Improvements made to infrastructure which extend the useful life beyond one year and/or increase the value.

13.3 Items to be Capitalized. Below are examples of items which shall be capitalized as infrastructure or infrastructure improvements.

- Roads, streets, curbs, sidewalks;
- Street or parking lot lighting systems;
- Tunnels;
- Drainage systems, water and sewer systems;
- Fiber optics and telephone distribution systems;
- Signage; and,
- Radio or television transmitting towers.

13.4 Depreciation. The historical cost of a depreciable infrastructure asset shall be depreciated over the estimated useful life of the asset.

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14. Capital Asset Categories and Capitalization — Leasehold Improvements.

14.1 Leasehold Improvements Defined. Improvements made to building or infrastructure leased to the University. These improvements revert to the lessor at the termination of the lease.

14.2 Items Excluded from Capitalization.

- Routine maintenance and repairs done in the normal course of business;
- Movable equipment or furniture not attached to the leased property; and,
- Improvements made in lieu of rent.

14.3 Depreciation.

14.3.1 Depreciation shall be over the shorter of;

- The remaining lease term; or,
- The estimated useful life of the improvement.

14.3.2 If the lease contains an option to renew and the likelihood of renewal is uncertain, the depreciation shall be over the shorter of the:

- Remaining life of the initial term; or,
- Estimated useful life of the improvement.

15. Capital Asset Categories and Capitalization — Property under Capital Lease.

15.1 Capital Lease Defined. A lease substantially transferring all the risks and rewards of ownership from the lessor to the University.

15.2 When to Capitalize. Leased assets shall be capitalized if the lease agreement meets any one of the following criteria:

- The lease transfers ownership of the property to the University by the end of the lease term;
- The lease contains a bargain purchase option;
- The lease term is equal to 75 percent or more of the estimated economic life of the property; or,
- The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90 percent of the value of the property.

15.3 Depreciation. The historical cost of depreciable assets under capital lease shall be depreciated over the estimated useful lives of the assets.

15.4 Operating Lease. A lease not meeting any of the above capitalization requirements shall be reported separately as an operating lease.

16. Capital Asset Categories and Capitalization — Construction and Project in Process.

16.1 Construction and Project in Process Defined. This reflects the economic construction activity status of buildings, other structures, infrastructure, additions, alterations, reconstruction, and project installations which are not substantially complete.

16.2 When to Capitalize. Capitalize to the appropriate capital asset category upon the earlier occurrence:

- Of execution of substantial completion of contract documents;
- Of occupancy; or,
- When the assets are placed into service.

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17. Capital Asset Categories and Capitalization — Furniture and Equipment.

17.1 Furniture and Equipment Defined. Fixed or movable tangible property used for operations, the benefits of which extend beyond one year from the date acquired and placed into service.

17.2 Items to be Capitalized. Furniture and equipment items to be capitalized include, but are not limited to:

- Machinery;
- Computers and printers;
- Radios;
- Vehicles;
- Desks; and,
- Books and other reference material not considered library resources (see Section 19.1).

17.3 Depreciation. The historical cost of depreciable furniture and equipment shall be depreciated over the estimated useful lives of the capital assets.

18. Capital Asset Categories and Capitalization — Works of Art and Historical Treasures.

18.1 Works of Art and Historical Treasures Defined. Those creative works such as paintings, murals, sculptures, and artifacts possessing unique cultural or historical value.

18.2 When to Capitalize. Works of art and historical treasures shall be capitalized at historical cost at acquisition or fair value at the date of donation (if donated) unless they belong to a collection that meets the following criteria:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain;
- The collection is protected, kept unencumbered, cared for, and preserved; and,
- The collection is subject to an organization policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

18.3 Depreciation. These items shall be depreciated over the estimated useful lives unless inexhaustible. An inexhaustible capital asset is one whose economic benefit or service potential is used up, or used up so slowly, its estimated useful life is extraordinarily long.

19. Capital Asset Categories and Capitalization — Library Resources.

19.1 Library Resources Defined. Information materials available primarily for circulation to students or the general public in one of the University libraries. These materials provide information essential to the learning process or enhance the quality of the libraries.

19.2 Items to be Capitalized. Library resource materials which shall be capitalized are, but are not limited to:

- Books, journals, and periodicals;
- Audio/visual materials;
- Computer-based information resources;
- Manuscripts and documents; and,
- Maps.

19.3 When to Capitalize. All purchases of library resources shall be capitalized without regard to cost. Acquisitions shall be valued at cost or other reasonable basis. Deletions shall be valued at annually adjusted average cost. The library shall maintain records of all library resources which shall suffice as detailed inventory records.

19.4 Items not Capitalized. Library materials not intended for student/public circulation shall be expensed except when the cost is in excess of the $5,000 capitalization threshold.

19.5 Depreciation. The cost of depreciable library resources shall be depreciated over the estimated useful lives of the assets.

20. Capital Asset Categories and Capitalization — Other Capital Assets.

20.1 Other Capital Assets Defined. Those long-term assets not otherwise categorized.

20.2 Items to be Capitalized. Other capital assets which shall be capitalized include, but are not limited to:

- Computer software, whether purchased or internally developed (see Section 20.3 below), if the cost exceeds the capitalization threshold; and,
- Software license fees, if the total dollar amount of the fee divided by the number of units served (terminals) exceeds the threshold.

20.3 Internally Developed Software.

20.3.1 Costs which shall be capitalized are those:

- Associated with the application development phase; and,
- Incurred to develop or obtain software that allows for access or conversion of old data by new information systems.

20.3.2 Costs not to be capitalized, but instead expensed as incurred, are:

- Costs associated with the preliminary project and the post-implementation/operating phases; and,
- General and administrative costs and overhead expenditures associated with software development.

21. Controlled Assets.

21.1 Examples. Items costing under $5,000 which shall be considered controlled assets include, but are not limited to:

- Communications equipment, both audio and video;
- Optical devices, binoculars, telescopes, infrared viewers, and range finders;
- Cameras and photographic projection equipment;
- Desktop systems, laptop, and notebook computers;
- Other data processing equipment and components such as scanners, data displays, external computer storage devices, external tape drives, external modems, fax machines, and printers;
- Radios, television sets, tape recorders, and audio/video storage and recording devices;
- Weapons and firearms;
- Historical treasures and works of art;
- Musical instruments;
- Grant funded assets; and,
- Gifts to the University.

21.2 Departmental Additions. A Department Head may track controlled assets not identified by central administration when the Department Head:

- Considers the items to be high risk for theft; or,
- Has other management reasons for doing so.

21.3 When to Capitalize. Controlled items shall be capitalized if appropriate. Appropriateness will be determined on a case by case basis by the Controller/Director of Accounting.

22. Inventory Records Requirement. The University shall maintain an asset management system that includes records for all capital and controlled assets.

23. Marking and Identifying Inventoriable Assets.

23.1 Reason to Mark. To identify inventoriable assets as belonging to the University.

23.2 When to Mark. Upon receipt.

23.3 When not to Mark. When impractical or impossible. Reasons not to mark are, but are not limited to, when the item:

- Has a unique, permanent serial number usable for identification, security, and inventory control (such as vehicles);
- Would lose significant historical or resale value if marked; and,
- Would have its warranty negatively impacted if permanently marked.

23.4 Method for Marking. Items shall be marked or tagged with an inventory control number.

24. Assets to be Inventoried or Cataloged.

24.1 Capital Assets. All capital assets shall be inventoried and listed in the property records of the University. Inventoriable capital assets acquired with federal monies or awards also shall be identified by the inventory system.

25. Controlled Assets. Items costing less than $5,000 shall be inventoried and listed in the records if considered controlled assets. (See Section 21.1 above)

26. Conducting Physical Inventory. A physical inventory will be conducted annually for all inventoriable assets except as noted below.

26.1 Stationary Assets. A physical inventory is not required of certain capital assets due to their stationary nature. Land, buildings, and infrastructure are examples.

26.2 Bi-Annual Inventory. The capital and controlled asset inventory may be conducted on a revolving basis when both of the following conditions are met:

- Every item is subject to a physical count or verification at least once every other year; and,
- The inventory program is documented and active.

27. Use of Assets.

27.1 Furniture, Fixtures, and Equipment. These assets shall be used for University business purposes only and shall not be removed from University premises for purposes other than University business.

27.2 Personal Furniture, Fixtures, and Equipment. Items owned by individuals normally may be used for University business purposes and/or on University owned or controlled property at the owner's risk. Personally owned items are not covered by University insurance. The University is not responsible for the loss of, damage to, or maintenance of personal items.

27.2.1 The owner shall label these items to indicate personal ownership.

27.2.2 The University reserves the right to prohibit use of personally owned items for University business purposes.

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28. Disposal of Assets. In order to maintain accurate asset records, asset disposals and transfers shall be recorded promptly. These records shall reflect whether the items have been surplused, traded in, sold, stolen, destroyed, or transferred.

28.1 Notification Requirement. Department Heads shall notify the Manager of Inventory Control Services of all items being surplused.

28.2 Approval Requirement. Whenever equipment is to be disposed of or removed from Departmental custody or control in some manner other than being surplused, the Department Head must send an Equipment Inventory Change/Deletion Request to the Finance Office. If approved, the item's disposition will be appropriately reflected in the official records.

28.3 Surplus Property. Assets determined to be obsolete, outmoded, or unusable may be declared surplus and disposed of by the Manager of Inventory Control Services. This determination shall be made by the Department Head and the Manager of Inventory Control Services.

28.4 Trade-in of Capital Asset. University owned furniture, fixtures, and equipment may be traded in to reduce the cost of a replacement item.

28.4.1 The Department Head must approve the trade-in and notify the Purchasing Department of the intent to trade in an asset before the Purchasing Department obtains bids on replacement assets.

28.4.2 Department shall notify the Purchasing Department by listing on the purchase requisition the asset to be traded in.

28.4.3 The asset and its trade-in value shall be listed on the purchase order. This shall serve as documentation of the authorized disposal of the asset.

28.5 Lost or Stolen Assets. When suspected or known losses of inventoriable assets occur, the Department Head shall conduct a thorough search for the missing property.

28.5.1 If the missing property is not found the Department Head shall:

- Notify the Manager of Inventory Control Services, the appropriate Area Head, and University police; and,
- Along with the individual primarily responsible for the asset, submit a signed statement regarding the loss. The statement is to include a description of events surrounding the disappearance of the property, who was notified of the loss, and steps taken to locate the property.

28.5.2 All lost or stolen property shall be removed from the University's asset management system and the general ledger.

28.6 Asset Dismantlement. Department Heads may approve dismantlement of obsolete or inoperable assets to be used to repair or rebuild other assets.

28.6.1 Inoperable assets may be used for parts only when repair is impractical and/or not cost effective.

28.6.2 Dismantlement of assets provided by government grants or contracts requires written approval from the providing agency.

28.6.3 The Department Head shall notify the Finance Office when an asset is dismantled.

28.7 Assets Destroyed or Damaged Beyond Repair. The Department Head shall notify the Manager of Inventory Control Services when an asset has been destroyed or damaged beyond repair.

28.8 Removal of Government-Provided Assets. When allowed by terms of the grant or contract, government-provided assets may be transferred to another University.

28.8.1 The Department Head shall obtain a letter of acceptance from the acquiring University prior to the transfer, and forward a copy of the letter to the Finance Office.

29. Transfers of Assets from One Department to Another.

29.1 When Sold. The selling Department Head shall prepare an internal transfer which both the selling and receiving Department Heads shall sign.

29.1.1 The Department Head releasing custody of the asset shall submit the internal transfer to the Finance Office.

29.1.2 The transfer shall:

- Charge and credit the appropriate expenditure FOAPAL; and,
- Detail each tag/line number to be transferred.

29.1.3 The appropriate expenditure FOAPAL is the one used when the asset was purchased.

29.2 When Given.

29.2.1 The Department Head releasing custody shall notify the Finance Office of the transfer.

29.3 When Within the Same Department. Transfers within the same department shall be reflected on departmental inventory records.

29.3.1 The Department Head shall change building and room numbers either by:

- E-mail or memorandum to the Manager of Inventory Control Services; or,
- Indicating the change on the annual inventory report sent to the Manager of Inventory Control Services.

30. Rented or Leased Assets. There are two types of rental/lease arrangements, a straight rental/lease and a lease-purchase.

30.1 Straight Rental/Lease. In this arrangement ownership stays with the Lessor, and the payments shall be classified as rental expense.

30.1.1 When title to a leased asset (not a lease-purchase) is transferred to the University upon completion of a lease agreement, the Department Head shall send a written report to the Finance Office.

30.1.2 The asset shall be marked or tagged.

30.2 Lease-purchase. In this arrangement ownership may transfer to the University at the end of the lease period.

30.2.1 All or a portion of the rental payment is applied to the purchase price, and thus treated as a capital asset acquisition.

31. Loaned Assets. When an asset is loaned to the University for official use such as exhibits or demonstrations, the arrangement must be approved by the appropriate contracting officer (See Regulations. Subject R. Purchasing and Financial Obligations. Section 3.2). A written statement of the University's obligations and responsibilities concerning the asset shall be provided to the owner and a copy kept on file in the custodial department and the Purchasing Department. Any responsibility accepted for damage to or loss of borrowed assets must be in writing and a copy of the agreement forwarded to the VPAT so proper insurance coverage may be obtained.