**CAPPEDIAL EQUIPMENT**

**Terms and Definitions**

**Improvement:** A modification can be capitalized when the cost extends the life of an asset more than one year. The original cost is updated by the cost of the improvement.

**Capital Cost:** Capital cost should be recorded at net purchase price plus additional costs necessary to place the equipment into service such as the installation, accessories, and freight costs.

**Capital Equipment:** A fixed or movable asset which is held for a long period of time.

**Capitalize:** To expense over a period of time rather than at the time rather than when it is acquired.

**Custodian:** an individual with the primary responsibility for the care, maintenance, and records of the physical equipment.

*Note:* If the equipment is purchased on a grant, the Principal Investigator is the responsible custodian.

**Fabricated Equipment:** Movable equipment can be considered fabricated equipment when individual component parts are purchased and constructed into one system. Component parts do not have to be purchased from the same vendor.

**Fixed Equipment:** A tangible asset that is permanently attached to a building structure, with any unit cost and a useful life of more than one year.
**Integrated System:** Asset Management treats integrated systems as one unit of capital equipment. An integrated system is combining component subsystems into one system that function together and work interdependently. A projection system falls into the following categories of an integrated system:

- Monitor
- Projector
- Computer
- Software
- Cabling

**Movable Equipment:** A tangible asset having a **unit cost of $5,000** having a useful life of more than one year.

**Non-capital Equipment:** Equipment with a **unit cost of less than $5,000** and is treated as a University “SUPPLY” cost.

**Nontitle Equipment:** Represents equipment that is government or sponsor owned equipment according to the terms and conditions of the award.

**Repair:** A repair cost keeps an asset in good working condition or fixing a small part and does not extend the life of the asset.

**Unit:** Is regarded as a single item or system.