

# PROPERTY MANAGEMENT GUIDELINES

## PROPERTY DEFINITIONS

### 1. Capital assets

An asset that has a value equal to or greater than the capitalization threshold for that asset type. Capitalized assets may or may not be capitalized for financial reporting depending upon their value. Capitalized assets are reported in an agency's annual financial report. UH capitalizes single assets valued at \$10,000 or greater effective September 1, 2024.

<b>Capital Asset Class</b>	<b>Threshold</b>
Land/land improvements	Capitalize All
Buildings/building improvements	\$100,000
Facilities and other improvements	\$100,000
Infrastructure	\$500,000
Personal property	\$10,000
Library books/materials (collections)	Capitalize All
Works of art/historical treasures	Capitalize All
Leasehold improvements	Various
Land use rights	Various
Computer software	Various
Other intangible capital assets	\$100,000

### 2. Controlled assets

An asset that has a value less than the capitalization threshold established for that asset type. Controlled asset is an asset with a single unit value at least \$500 but less than \$10,000. However, due to its high-risk nature, it is required to be reported to the state. Controlled assets are not listed in an agency's financial report. Items listed as controlled are indicated in the table below.

<b>Controlled Asset Class</b>	<b>Threshold</b>
Hand Guns	At any cost
Rifles and Shotguns	At any cost
Sound Systems and Other Audio Equipment	\$500 - \$9,999.99
Portable Cameras	\$500 - \$9,999.99
TVs, Video Players/Recorders	\$500 - \$9,999.99
Computer, Desktop	\$500 - \$9,999.99
Data Projectors	\$500 - \$9,999.99
Smartphones, Tablets	\$500 - \$9,999.99
Handheld Devices	\$500 - \$9,999.99
Laptop Computers	\$500 - \$9,999.99
Drones-Unmanned Aerial Vehicle	\$500 - \$9,999.99

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## Commonly Used Expenditure Accounts for Capital and Controlled Equipment

Account Code	Description of the Asset	Minimum	Maximum	Notes
58600	MOTOR VEHICLES	\$ 10,000.00	N/A	
58601	FURNISHINGS/EQUIPMENT	\$ 10,000.00	N/A	
58602	COMPUTER EQUIPMENT	\$ 10,000.00	N/A	
58603	TELECOMMUNICATIONS EQUIPMENT	\$ 10,000.00	N/A	
58604	APPLICATION SOFTWARE	\$ 100,000.00	N/A	Purchased only
58605	FABRICATED EQUIP	\$ 10,000.00	N/A	Total final cost
58952	ART ACQUISITION-CAP-DEPRECIABLE	\$ 5,000.00	N/A	Purchased only
58607	BOATS/MARINE EQUIPMENT	\$ 10,000.00	N/A	Purchased only
58610	OPERATING SYSTEMS	\$ 100,000.00	N/A	Purchased only
58611	DATABASE SOFTWARE	\$ 100,000.00	N/A	Purchased only
58615	AIRCRAFT ACQUISITION	\$ 10,000.00	N/A	
58616	PASSENGER CARS	\$ 10,000.00	N/A	Purchased only
54354	EQUIPMENT-STATE CONTROLLED ASSET	\$ 500	\$ 9,999.99	Controlled List
54355	COMPUTER EQUIP-STATE CONTROLLED ASSET	\$ 500	\$ 9,999.99	Controlled List

- Equipment that does not meet the capital or state-controlled asset thresholds, are classified as expendable. See below for exceptions:
  - Component parts used to fabricate a larger fixed asset assembly must be added to the book value/acquisition cost of the fixed asset. Use expenditure account 58605.
  - Freight, transportation costs, site preparation costs, professional fees and/or installation fees related to the purchase of fixed assets or components must be added to the book value/acquisition cost of the fixed asset. Use expenditure account 58601.
  - Handguns and rifles are state controlled assets with a threshold \$0.00 to \$9,999.99. Use expenditure account 54354. Handguns and rifles with a cost greater than \$9,999.99 are considered capital and state-controlled assets.
  - Miscellaneous lab and scientific equipment, stereo systems, and cameras with a value equal to or greater than \$10,000 must be coded as capital expenditure. Use expenditure account 58601.

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- Purchase of printers with a cost of \$9,999.99 or less are expensed. Use expenditure account 54358.
- Purchase of printers with a cost of \$10,000 or greater are capitalized. Use expenditure account 58601.
- Purchase of drones (UAV) with a cost of \$10,000 or greater are capitalized Use expenditure account 58615.

### 3. Cannibalization/Salvage of Property

- Capital equipment for which the University retains title may not be disposed of, for the purpose of cannibalization (dismantle and/or use components) without prior approval from the Property Manager. Requests for cannibalization will be approved, only upon the demonstration of such action, that is in the best interest of the university.

### 4. Deface

- To damage or disfigure the appearance of an item, including UH Property tags.

### 5. Expendable Supplies

- Items that are not classified as fixed assets and have a useful life of less than one year.

### 6. Fabrication

- These are fixed asset items which are constructed or assembled from raw materials and/or component parts by the department. The total fabrication carries one unique identification number in the Property Management inventory system, where the value of the equipment built will meet or exceed the capitalization threshold of \$10,000.

### 7. Federal Property

- Federal purchased equipment is any equipment purchased with federal funds. Equipment can be federally titled or conditionally titled with the University.
  - Federal Titled equipment (government property) is any equipment furnished to the university by the federal government, or equipment acquired or fabricated using funds from a federal sponsored project or contract where the agreement specifies that the title to the equipment remains with the government. To this property remains with the government unless it is expressly vested with the University or until the government cedes title to the institution. If the government does not cede title to the university, this equipment is returned to the federal government agency at their request.

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- Conditionally Titled equipment are items that were purchased on federally sponsored projects where the title conditionally vests with the University. In general, sponsored projects identify the title to equipment on the terms of the agreement while sponsored contracts retain federal ownership for all equipment with a cost of over \$10,000.

## **8. Non-Capital Equipment**

- Non-consumable items which do not meet the dollar value specifications of fixed assets but do have a useful life of one year or more are classified as non-capital property.

## **9. Surplus Property**

- Surplus property is any personal property which is in excess of the needs of any University department for the foreseeable future. Surplus property may be new or used but must have additional useful life. Higher education institutions may offer surplus property to the general public via auction unless it is data processing equipment. Surplus property can be cannibalized or sent to Property Management for disposal.

## **10. University Property**

- Any property owned or controlled by the University including land and buildings, capital and controlled assets, expendable supplies and property equipment, non-capital equipment and federal property under the University's control is considered the property of the University.

## **11. Salvage Property**

- Property which through use, time or accident becomes depleted, worn out, damaged or obsolete and can no longer serve the purpose for which it was originally intended. Salvage property can be cannibalized or sent to Property Management for disposal.

## **12. Personal Property**

- Personal property is property that is neither real property and its improvement nor consumables. Furniture and equipment, vehicles boats and aircrafts, library books and materials, works of art, fixed or movable tangible assets, and software rendered into service for operations and benefits extend beyond one year from date of acquisition.