

## Interoffice Communication

**DATE:** March 24, 2003  
**TO:** Deans, Directors, Departmental Chairs, and Faculty  
**FROM:** Kathy Dobbs, Associate Controller  
**RE:** **Change in Definition of Equipment**

**New Definition:** Unit cost of \$5,000 or more and useful life of one year or more

**Previous Definition:** Unit cost of \$2,000 or more and useful life of one year or more

**Equipment Inventories:** This change in equipment definition will be effective back to July 1, 2002. The increase from \$2,000 to \$5,000 will reduce the number of items to be tagged and included in the equipment inventory by approximately 73%, while only reducing the value by 28%. This will considerably reduce the number of items your staff is required to verify on the annual equipment inventory.

For those units that want to maintain databases of specific items less than \$5,000, the Inventory Office (Gary Russell, 294-8634) will distribute a download of items between \$2,000 and \$4,999.99.

**Sponsored Programs:** For the purposes of calculating Facilities and Administrative Costs (F&A costs a.k.a. indirect) on currently funded sponsored projects, all items meeting the previous definition will continue to be treated as equipment through June 30, 2004. These items will be assigned a special class code, 713-25, which will exclude them from F&A cost calculations. Questions on F&A charges should be directed to Sponsored Programs Accounting, 294-4569.

Effective immediately, proposals being submitted to external sponsors for funding consideration should reflect this new equipment definition. For proposals already submitted to external sponsors and not yet awarded, this policy will have no effect on the amount budgeted for F&A costs. Questions on proposal budget preparation should be directed to the Office of Sponsored Programs Administration, 294-4567.

**Year-End General Funds:** It is important to note this change will NOT become effective for determining eligible carry forward balances until the 2003/2004 fiscal year-end. Units can continue to plan for the 2002/2003 year-end using the \$2,000 threshold.

Please contact Kathy Dobbs, 294-6653, if you have questions concerning the equipment threshold change and contact Stephanie Fox, 294-2556, if you have questions concerning year-end carry forward balances or encumbrances.