

**Inventory/Equipment Capitalization Thresholds**

The University of Arkansas uses capitalization thresholds to determine which equipment items are included in University inventories and what methods must be used for tracking. Effective July 1, 2012, the University has adopted equipment capitalization thresholds in accordance with levels established by the State of Arkansas Department of Finance and Administration and dated July 1, 2011. In addition, the University has determined that certain items such as cell phones, tablets and weapons shall be tracked regardless of cost.

**I. Definitions and Threshold Levels**

A. **Capitalized Equipment.** The capitalization threshold for Capitalized Equipment is \$5,000.00. In addition to having a first cost or initial value of at least \$5,000, in order to be considered Capitalized Equipment, each capitalized item must have an estimated useful life of greater than one year, an identity that does not change with use, and a nature that makes formal accountability practical.

B. **Low Value Equipment.** All equipment with a useful life in excess of one year and an initial value of at least \$2,500 but not more than \$4,999.99, which is classified as Low Value Equipment.

C. **Low Value-High Risk Equipment.** Assets valued from \$500 to \$2,499.99 that are easily susceptible to loss or theft, including, but not limited to, computers, monitors, laptop computers, tablets (e.g. iPad, Kindle Fire, etc.), guns, camera equipment, video equipment, video gaming equipment, printers, scanners, tools, cell phones, handheld radios, binoculars, are classified as Low Value-High Risk Equipment.

**II. Responsibilities**

A. **Property Accounting.** The Property Accounting Office, with the assistance of all departments, shall maintain the University's inventory of equipment in the Capital Equipment and the Low Value Equipment categories (those items with an initial value of \$2,500.00 and up), as required by the Department of Finance and Administration using the University's inventory system, AIMS (Asset Inventory Management System in BASIS).

B. **Departments.** Departments shall maintain an inventory of the Low Value-High Risk Equipment and all cellphones, tablets and weapons items in their areas. Departments may also voluntarily elect to track additional items that do not fall into the identified categories above; otherwise, items under \$2,500 may be expensed. Departments shall maintain records of acquisitions and dispositions for those items they are responsible to track. Departments requiring assistance in identifying these items or establishing an effective record keeping system for these items should contact the Property Accounting Office. All departments are required to utilize the departmental asset functions within the University's inventory system, AIMS unless a

compelling case can be made for the department to utilize an alternative system, upon review and approval of the Property Accounting Office.

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