1. **Procedure Title**: Property Management – Acquisition of Capital Equipment

2. **Procedure Purpose and Effect**: Procedures for any department or organization within the university to acquire capital equipment. The acquisition process comes in many forms and is governed by Federal Acquisition Rules (FAR) for contracts, the Office of Management and Budget (OMB) for grants, the State of Colorado, and Colorado State University Policies. This procedure provides guidance on the many ways the university can acquire capital assets, including direct purchases, donations and gifts, fabrications, leases, transferred-in, federal surplus property or reutilization, and loaned equipment.

3. **Application of Procedure**: This procedure applies to all the departments or organizations that acquire capital equipment and provides guidance regarding the acquisition process.

4. **Exemptions**: Any exemptions to this procedure require approval by Procurement, Business and Financial Services, and/or Office of Sponsored Programs (OSP).

5. **Definitions**:

   A. **Acquired Value/Acquisition Cost**: The standard asset value for property, regardless of age or use. The acquired value should be recorded as the net invoice unit price of the property. Other costs to include in the acquired value are services (such as shipping, insurance, modification, installation, etc.) as well as the cost of attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose of which it was acquired.

   B. **Acquisition**: (1) The act of acquiring. (2) The acquiring of property or services by contracting with appropriated funds through purchase or lease, or other means, including transfer or fabrication, whether the property or service are already in existence or must be created, developed, demonstrated, and evaluated.

   C. **Capital Asset**: The term Capital Asset is interchangeable with Fixed Asset (which is also known as Property, Plant and Equipment). A capital asset denotes that the capitalization process and the characteristics of the item qualify it for inclusion in the University Plant Fund. A capital asset is any property that benefits a program for more than one year and meets the established capitalization threshold.

   D. **Capital Equipment**: Capital equipment, also known as movable equipment, includes items which are not considered an integral part of a university building, are non-expendable, do not lose their identity through incorporation into a more complex unit, have a useful life of more than a year, and have an acquisition cost that meets or exceeds a set capital asset threshold amount.

   E. **Capital Equipment Fabrication**: The creation of an item of equipment or scientific instrument that is built or assembled from raw or semi-finished material using allowable direct labor performed by CSU personnel, including internal or external shop staff, and meets capital criteria.
F. **Capitalization:** Capitalization acknowledges that a transaction meets all criteria necessary to be a fixed asset of the university. Capitalization does not necessarily mean that the university will be responsible for tracking the individual asset or that the individual asset is subject to depreciation or amortization. Library books will not be tracked individually in the Capital Asset Management (CAM) system; however, the accumulated cost of these kinds of assets will be maintained in CAM to coincide with the University General Ledger.

G. **Colorado State University (CSU) STRATA:** A private, not-for-profit corporation, legally separate from the CSU system. Founded in 1941, STRATA supports and serves the campuses and affiliates of the CSU system through strategic real estate management, project development services, special project oversight, intellectual property management and technology transfer services, as well as operational management of regional, state, national, and international assets.

H. **Colorado State University (CSU) STRATA Financed Purchase Program:** The arrangement between CSU and CSU STRATA to facilitate the acquisition of scientific, administrative support, and research equipment for the benefit of CSU pursuant to lease purchase arrangements. The CSU STRATA Financed Purchase Program consists of two options: the “CSU STRATA Line of Credit (LOC) Lease” and the “CSU STRATA Municipal Lease.”

I. **Colorado State University (CSU) STRATA Line of Credit Lease (LOC):** Used to acquire equipment valued at $50,000 or less.

J. **Colorado State University (CSU) STRATA Municipal Lease:** Used to acquire equipment valued over $50,000.

K. **Contractor Acquired Government Property:** Property acquired, fabricated, or otherwise provided by the university for the performance of a contract or grant. Title is vested in the government in accordance with contract or grant terms and conditions.

L. **Donation:** Gifting equipment without monetary compensation.

M. **Excess Government Property:** Property that has additional useful life but is no longer required by the federal agency and is available to other federal agencies or federal contractors, such as the university.

N. **External (Direct) Lease:** A direct lease agreement between a department and a vendor.

O. **Fabrication:** A manufacturing process in which an item is made from raw or semi-finished material instead of being assembled from ready-made components or parts.

P. **Federal Acquisition Regulation (FAR):** FAR is the governing body for contracts.

Q. **Federally Funded:** Federally funded capital equipment requisitions are those that will encumber funds provided by a federal sponsoring agency, the full amount of the purchase or any portion thereof. This includes non-federal agencies providing federal-pass-through funds.

R. **Financed Purchase (formerly known as Capital Lease):** The act of acquiring assets by making periodic payments, which generally consist of principal and interest. A financed purchase transfers substantially all of the benefits and risk inherent in ownership of the equipment to the lessee. At the
end of the payment period, the lessee will obtain title to the asset, yet was able to use the asset and spread the payments out over time easing the financial burden of making a large acquisition.

S. **Fixed Asset:** The term Fixed Asset is interchangeable with Capital Asset and includes personal property and equipment of a durable nature that has an estimated useful life to an organization of at least one year and meets the established capitalization threshold. A fixed asset does not actually have to be “fixed,” in that it cannot be moved. A fixed asset is also known as Property, Plant and Equipment (PPE).

T. **Gift:** A thing given willingly to someone without payment; a present.

U. **Government Furnished Property/Equipment (GFE):** Property in the possession of, or directly acquired by the Government and subsequently delivered to or otherwise made available to the university for use under specified contracts and grants. This could include excess government property and/or transferred property. The unit acquisition cost of government furnished property shall be determined by the government and furnished to the university. Transportation and installation costs will not be considered as part of the unit price for this purpose. Normally, the unit price of government furnished property will be provided on the transfer document covering shipment of the property to the university.

V. **Government Property:** All property owned or leased by the government. Such property acquired under contracts with the university includes government furnished property and contractor acquired government property.

W. **Internal Asset Transfer:** An asset transferred within the campus to another CSU department. This includes transferring a capital asset to the Surplus Property department for disposal.

X. **Lease:** Grant or rights by a lessor to a lessee to possess and use real or personal property for a stated time period in exchange for rent or other consideration.

Y. **Lease Agreement:** A contractual agreement conveying the right to use property, plant, or equipment usually for a stated time period. A lease agreement involves at least two parties; a lessor and a lessee. The lessor agrees to allow the lessee to use the item for a specified time period in return for periodic payments.

Z. **Office of Management and Budget (OMB):** The governing body for grants.

AA. **Purchase:** Acquiring something by paying for it.

BB. **Right to Use (RTU) Lease:** Includes a lessor (vendor), who collects rent, and a lessee (the university), who uses the leased equipment or property and pays periodic rent for such use. The lessee merely uses the equipment and/or property and there is no transfer of ownership or any risk of benefit of ownership. A Right to Use (RTU) Lease is for a period longer than 12 months and the total liability is $25,000 or more.

CC. **Subscription-Based IT Arrangement (SBITA):** A contract that conveys control of the right to use another party’s information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.
DD. **Threshold:** Monetary limits for assets to be capitalized.

EE. **Title:** Title to acquired property can be dependent upon the contractual obligations in predefined agreements. For contract or grant acquisitions, the Office of Sponsored Programs provides title information. Title to donated property or property purchased with university funds rests with the university rather than with a department. Departments that are assigned property for custody and use are held accountable for such property.

FF. **Transfer:** Transfer of property to or from other universities or organizations. These occur primarily due to a transfer of faculty and/or the transfer of a sponsored project from one university or organization to another. Property purchased by the university or furnished by the federal government to which the government retains title is considered Government Furnished Equipment (GFE) when it is transferred to an ongoing federally sponsored contract or grant.

6. **Procedure Statement:** There are multiple ways the University can acquire capital equipment including directly purchasing either new or used items, receiving donations and gifts, fabricating, leasing, transferred-in, reutilizing, and loaned equipment.

A. **Direct Purchases:** Initiation of a Kuali Requisition document is used to make a direct purchase from a vendor.

1. **Purchase Order.** A requisition is initiated and submitted in the Kuali Financial System where it is electronically routed to the Property Management Office (as well as other necessary individuals or groups) and reviewed for compliance with acquisition procedures, object code usage, and capital asset information. Additional information to help with object code usage and the capital asset tab can be found on the Property Management website. If approved, the requisition is electronically routed to Procurement for processing and is assigned a Purchase Order Number. The Office of Procurement will make purchases approved by the principal investigator and, when required, the Office of Sponsored Programs. Purchases will be made in compliance with university policy and procedures, general federal regulations, and any special procedures required by the sponsoring agency or specific contract, grant, or agreement. After an item of equipment is received and payment has been made, the Purchase Order is closed. Property Management creates the asset, assigns a decal number, records the purchase on the department’s property inventory list and affixes a property decal to the equipment. An Inventory Specialist will contact the responsible party assigned to the asset to set up a time to decal the equipment.

   Consideration should be made as to buy new or used. The Procurement Services department regulates the purchasing process.

B. **Donations and Gifts:** The university frequently receives donations and gifts from a variety of sources such as commercial companies, alumni, and private parties. There is a difference between a donation and a gift for Property Management purposes, however, regardless of whether the property is a direct donation or a gift; there will not be any performance expectations of the university in exchange for having been given the asset. Donations and Gifts should be reported to the Colorado State University Foundation (CSUF) Office whenever possible.

1. **Donation - Gifts Given Directly to an Organization or Department (Direct Donation).** When an organization or department receives donated equipment directly from an outside agency, CSU requires the organization or department to promptly report the donation to Property Management.
A list of the donated items, a signed statement from the relinquishing agency releasing title of the property to the university, and a signed letter of acceptance from the university dean or department head acknowledging receipt of the property are required documents that need to be submitted to Property Management. The department may use the Incoming Property Declaration Form, located on Property Management's webpage, in place of any or all the required documents. Direct donations do not go through the CSUF Office (Gift-in-Kind) and there will be no tax benefits for the donor.

2. **Gift-In-Kind – Gift.** CSU receives non-cash contributions from donors. The CSU Foundation Office handles donations of non-cash gift-in-kind. The CSUF Office requires the donor to provide an appraisal if the donated item is determined to be $10,000 or greater. The CSUF Office collects and records information regarding gifts, compiles a list with pertinent information, and sends it (via email) to Property Management and FRA at the beginning of each month (gifts listed are for the previous month). Property Management will review the list and any items that meet capital criteria will be entered into Kuali by Property Management. The organization in receipt of the gift(s) may be contacted for any additional information needed to create the asset(s). The Asset Processor will assign a PO# by using a G and the last seven (7) digits of the gift number. This will be referenced in the PO# field. If an item was capitalized, a copy of the donation sheet listing the PO# and Decal number assigned is given to the FRA accountants.

3. **Retirement of Gift Assets.** CSU must report information to the IRS regarding dispositions of charitable deduction property made within three years after the donor contributed the property. CSU does not allow the retirement of a gifted asset within three years after the donor contributed the property. However, if a gifted asset must be retired prior to the minimum three-year retention period, the Tax/AP department within BFS will be notified and the proper IRS forms must be processed and filed (IRS Form 8282, “Donee Information Return”). If an asset is obtained to be sold, the value will be recorded as $1 until the asset is sold and, for tax purposes, the asset donation amount will be reported at the amount the asset was sold for.

C. **Fabrications:** A fabrication takes place when the university makes or builds a piece of equipment, developed software, model/prototype, or deliverable. Equipment, models/prototype, or deliverables that are fabricated or based on the specification set forth by a researcher may or may not result in capital equipment. The most important consideration for in-house fabrications is the capacity and expertise of organization staff and the facilities and tools required. The university’s Kuali Financial System (KFS) allows for the tracking of accumulated costs incurred during a fabrication to a work-in-progress account. Sponsored Project Work-in-Progress (SPWIP sub-fund) and Work-in-Progress (WIP) accounts are Project to Date accounts, which means you can track revenues and expenses across multiple years.

Costs to be capitalized for internal software should be captured from the point management has authorized and committed funds until the program is in use. These accounts may also be used for special projects for Telecommunications and Facilities Management upon approval from Business and Financial Services.

Refer to FPI 4-7 (Fabrication of Equipment, Models, & Deliverables), FPI 4-11 (Software and Internally Developed Software), and FPI 4-12 (Intangible Assets and Internally Generated Intangible Assets) for more information regarding fabrications and what types of costs to capitalize.

1. **Work-In-Progress (SPWIP sub-fund [88] or WIP [89] Accounts).** When a department has identified the need to capture costs for a fabrication, a work-in-progress (SPWIP sub-fund or WIP) account must be set up. The funding source of a SPWIP sub-fund account is a sponsored project.
fund (53) account and will be administered by Sponsored Programs. The funding source of a WIP account is any other university fund account and will be administered by the Cost Accountant in Business and Financial Services. Departments will need to submit a request to set up a work-in-progress Account.

D. **Lease Agreements:** Departments may need to use a lease to purchase equipment. The department can either use Colorado State University (CSU) STRATA financed purchase program (formerly known as the equipment lease program) or do an External (Direct) Lease (lease directly from a vendor). All leases must adhere to the lease requirements outlined in Section 8 of the Purchasing Manual. Refer to FPI 4-8 (Classification of Financed Purchase Agreements, Right to Use (RTU) Leases, Subscription-Based IT arrangements [SBITA]), Rental Agreements, and Use Charges) and FPI 4-9 (Colorado State University (CSU) STRATA Financed Purchase Program) for more information regarding Leases.

E. **Transferred-In:** Equipment that is transferred into the university from another university or other federal agency.

1. **Contract, Grant, or Agreement Transfers.** If the transfer of equipment is related to a contract, grant, or agreement the department shall promptly report the transferred-in equipment to the Office of Sponsored Programs. The Office of Sponsored Programs is responsible for obtaining any sponsoring agency approvals necessary regarding the transfer and for collaborating with Property Management to ensure that the equipment being transferred-in is accurately reflected in the university’s records.

2. **Direct Transfers.** If the transfer of equipment happened at the department level, the department is responsible to report the transferred-in equipment promptly to Property Management. A list of the transferred-in equipment, a signed Letter of Release from the relinquishing agency releasing title of the property to the university, and a signed Letter of Acceptance from the university dean or department head acknowledging receipt of the property are required documents and need to be submitted to Property Management. The department may use the Incoming Property Declaration Form, located on Property Management’s webpage, in place of any or all the required documents.

3. **Federal Surplus Property or Reutilization.** The Federal Surplus Property Program is monitored by the General Services Administration (GSA). The university can acquire property at little or no cost from the federal government through this program. This property is considered surplus by the federal government and could be reutilized. The federal government defines Surplus Property as “Excess personal property not required by any federal agency as determined by the Administrator of the General Services Administration (GSA).” Excess Personal Property is defined as “Any personal property under the control of a federal agency that the agency head determines is not required for its needs or for the discharge of its responsibilities.” Procurement has provided Colorado State University departments with the necessary eligibility to log in to the Federal Surplus Property website to obtain equipment. You will need an access code and password, contact your Procurement Agent for the code and password. To screen for Federal Surplus Property, go to: www.gsaxcess.gov. Thomas Phillips is the contact person on the government side. His contact information is: thomas.phillips@state.co.us, 4999 Oakland St, Denver Co, (W) 303-370-2166. If you locate an item or items you are interested in obtaining, email the information to Thomas Phillips, so he can put a “freeze” on the item(s).
It is the department’s responsibility to promptly report all incoming federal surplus property received. A list of the acquired items, a signed Letter of Release from the relinquishing agency releasing title of the property to the university, and a signed Letter of Acceptance from the University Dean or Department Head acknowledging receipt of the property are all required documents and need to be submitted to Property Management. The department may use the Incoming Property Declaration Form, located on Property Management’s webpage, in place of any or all the required documents.

Further information about this program can be obtained at http://www.nasasp.org.

F. Loaned Equipment: Loaned equipment consists of assets owned by some organization or person, other than CSU, where CSU has been granted the use of such equipment for a specified length of time. Some equipment may be on loan from a sponsor or the federal government, or the equipment might be on loan to a contract, grant, or agreement. Contact Procurement regarding DEMO’s (try/buy).

- Loaned equipment does not have a minimum tracking value. It is recorded using the monetary value stated on the loan documents.
- Property that will be on loan to the university for more than 30 days is tracked in Kuali.
- If the loaned equipment is directly related to a contract, grant or agreement, the Office of Sponsored Programs should notify the Property Management Office.
- Excluding DEMO’s, if the loan is initiated at the departmental level, the department is responsible to report the loaned equipment promptly to Property Management.
- A list of the loaned items, with their stated monetary values, and a loan document signed by both parties are the minimum required documents. The department may use the Incoming Property Declaration Form, found on Property Management’s webpage, in place of any of the required documents.

7. Reference and Cross-References:


Business and Financial Services Guides and Manuals are located at: http://busfin.colostate.edu/Resources/Guides_Manuals.aspx

Colorado State University (CSU) STRATA website: https://csustrata.org/

Federal Acquisition Regulation (FAR Part 45, FAR 52.245-1, DFARS, NASA FARS, and DOE FARS) home page: http://www.acquisition.gov/far/

Financial Reporting and Analysis (FRA) website: http://busfin.colostate.edu/Depts/FRA.aspx

Governmental Accounting Standards Board (GASB) (Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities the use Proprietary Fund Accounting); (Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments); (Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries); (Statement No. 51, Accounting and Financial Reporting for Intangible Assets); (Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements [Issued 12/10]); (Statement No.


Office of Sponsored Programs (OSP) website: https://www.research.colostate.edu/osp/

Office of the State Controller Fiscal Rules and Procedures Manual is located at: https://www.colorado.gov/pacific/osc/fiscalprocedures

Procurement Services website: https://procurement.colostate.edu/

Property Management website: http://busfin.colostate.edu/Depts/PropMgt.aspx

University Advancement website: https://giving.colostate.edu/

U.S. General Services Administration (GSA) home page: http://www.gsa.gov/portal/category/100000

8. **Forms and Tools:**

Capital Asset Management (CAM) Financial Documents Training (Completing Capital Asset Requisitions, General Ledger Transfer [GLT] documents, and Distribution of Income [DI] documents) is located at: http://busfin.colostate.edu/Depts/PropMgt.aspx (Under the Training heading)

Capital Asset Management (CAM) Processor Role Application, required for creating Kuali documents related to capital assets, is located at: http://busfin.colostate.edu/Resources/Forms.aspx

Colorado State University (CSU) STRATA Lease Application is located at: https://csustrata.org/financing-application/

Gift-in-Kind Transmittal Forms can be obtained by contacting Colorado State University Foundation (CSUF) Office at 970-491-7135

Incoming Property Declaration Form is located at: http://busfin.colostate.edu/Depts/PropMgt.aspx (Under the Forms heading)

Kuali Financial System (KFS) Creating Kuali Documents (required to track a capital asset during its life cycle) guidance is located at: http://busfin.colostate.edu/Depts/PropMgt.aspx (Under the Guides and Manuals heading and Creating Kuali Documents subheading)
Kuali Financial System (KFS) User’s Manual is located at:
http://busfin.colostate.edu/Resources/Guides_Manuals.aspx (Under the Manuals heading)

Kuali Tips for Capital Assets is located at:
http://busfin.colostate.edu/Depts/PropMgt.aspx (Under the Guides and Manuals heading and the Tools subheading)