



## Ohio Administrative Code

### Rule 3349-11-49 Purchase and management of capital assets.

Effective: July 13, 2025

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#### (A) Purpose

To establish a rule to ensure the university's assets are classified, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, applicable accounting pronouncements, and auditor requirements. This rule is used by the university to set a threshold, above which qualifying expenditures are recorded as capital assets, and below which are charged as an expense when incurred.

#### (B) Scope

Capital assets acquired by the university with a useful life beyond a single reporting period (generally one year) and with a value that is at least the minimum stated in the following definitions.

#### (C) Definitions

(1) Consult rule 3349-7-01 of the Administrative Code.

(2) Asset life is the estimated number of months or years that an asset will be able to be used for the purpose for which it was acquired.

(3) Donated assets are acquired by gift, donation, or payment of a nominal sum not reflective of the asset's market value.

(4) Capitalized assets are assets that can be acquired through various means, such as purchase, donation, construction, fabrication, and capital lease where their historical cost is above the university approved threshold.

(5) Historical cost is the amount paid by an accounting entity to acquire an asset and make it ready to



render the services for which it was required.

(D) Body of rule

(1) Reporting

Capital assets should be reported at historical cost (including ancillary costs such as freight and any installation charges) when paid for in full and in use. Donated assets should be recorded at their fair market value at the time received.

(2) Asset classifications

Capital assets include purchases at or more than

Capital assets include	Purchases at or more than
Land acquisitions	All
Land improvements	\$25,000
Infrastructure *	\$25,000
Building acquisitions	All
Buildings-new construction	\$25,000
Building renovations and improvements	\$25,000
Leasehold improvements	\$25,000
Vehicles	\$ 10,000
Machinery and general equipment	\$ 10,000
AV Equipment	\$ 10,000
Computer hardware	\$ 10,000
Office equipment	\$ 10,000
Software	\$75,000
Furniture	\$10,000
Library collections	\$ 10,000
Works of art and historical treasures	\$ 10,000
Intangible assets **	Case by case basis



\*Infrastructure assets have long lives and are usually stationary. Examples include: roads, bridges, tunnels, sewer systems and lighting systems. Unless part of a network of infrastructure assets, buildings are not included in this category.

\*\*Intangible assets are those that lack physical substance, are non-financial in nature, and have an initial useful life extending beyond a year. Intangible assets must be identifiable, meaning they are either capable of being separated by means of sale, transfer, license or rent, or they arise from contractual or other legal rights. Examples include: patents, copyrights and trademarks, easements and land use rights, campus owned websites or portals, and internally generated computer software.

### (3) Asset lives and depreciation

#### (a) Asset lives:

Land	Indefinite
Land improvements	7 years
Infrastructure	20 years
Buildings-acquisitions and new construction	40 years
Building improvements	20 years
Leasehold improvements	Life of the lease or economic life if ownership transfers
Vehicles	3 years
Machinery and general equipment	5 years
AV equipment	5 years
Computer hardware	3 years
Office equipment	5 years
Software	3 years
Furniture	7 years
Library collections	10 years
Works of art and historical treasures	Indefinite
Intangible assets	Case by case basis



(b) Depreciation is calculated using straight line, with a half year convention method over the estimated useful life of the asset. Depreciation is recorded annually at fiscal year-end.

(4) Care and use of capital equipment

(a) University must safeguard all property to prevent loss, damage, or theft; where by any loss, damage, or theft must be investigated. The equipment manager is required to have adequate maintenance procedures to keep the property in good condition.

(b) Property purchased with federal funds (gold asset tag) must adhere to the following requirements:

(i) The property must be used in the program or project for which it was acquired, as long as needed, whether or not the project or program continues to be supported by the university or federal award.

(ii) The expectation is that the primary use of the property is for the federally sponsored award that funded the equipment; however, the equipment may be shared with other activities as long as it does not interfere with the primary usage of the equipment.

(iii) When property is purchased with federal funds and is no longer needed for the original program or project, the property may be used in other activities supported by the federal awarding agency, in the following order of priority:

(A) Other awards from the same sponsoring agency that originally funded the equipment, then

(B) Activities sponsored by other federal awarding agencies, then

(C) All other university activities

(5) Impairment and insurance recoveries

(a) Impairment is when a capital asset stops working or changes its intended use.

(i) The following are tests for identifying impairment:



- (A) Physical damage test
  - (B) The enactment of new regulations and standards that the asset cannot meet
  - (C) Technological advancement that makes the asset obsolete
  - (D) A change in manner or duration of the asset's use
  - (E) The end of construction of the asset (usually due to lack of funding)
- (ii) When an impairment of an asset takes place it must be identified as a permanent or temporary impairment. If permanently impaired, it should be written off as a program loss. Once impairment loss is recognized, it should not be reversed. If an asset is temporarily impaired, the equipment manager should notify the accounting office of the surrounding circumstances so that the accounting office can research how to best account for the diminished service capacity of the capital asset.
- (b) Insurance recoveries
- When the impairment loss and an insurance recovery occur in the same year, the impairment loss should be reported at the net of the insurance recovery. However, if the insurance recovery takes place in subsequent years, the revenue from insurance should be reported as program revenue, non operating revenue, or an extraordinary item, according to the circumstances. Insurance recoveries are not reported until they are realized or realizable.
- (6) Accountability
- (a) Equipment managers are responsible for: affixing the university capital asset tag supplied by the accounting department to the piece of equipment; ensuring the physical security of all capital assets purchased; as well as assisting in the maintenance of accurate equipment records. The accounting department is responsible for maintaining the permanent detailed record of all capital equipment owned by the university including sponsored program acquisitions and all gifts of equipment. Transfer or disposition of equipment acquired with grant funds must comply with any applicable



grant or agency restrictions.

(b) An equipment inventory confirmation report will be sent to each equipment manager on a bi annual basis. An inventory check must be performed; the inventory report updated and approved by the equipment manager; and returned to the accounting department in a timely manner.

(c) Department equipment inventories are subject to random unannounced audits by the accounting department and external auditors.

(7) Changes in equipment status

Changes in capitalized equipment status should be reported and approved by the equipment manager as they occur throughout the year. Changes, including the following, are to be reported to accounting at the time of the change using the "Capital Asset Property Disposal/Move form."

(a) Relocation of an asset within a department to another room or building requires the new location to be reported.

(b) Transfer of equipment from one department to another department. The department transferring the equipment and the department receiving the equipment must both sign off on the "Capital Asset Property Disposal/Move form" that the transfer occurred.

If the equipment being transferred was purchased with funds from a federal grant (gold asset tag), the transfer of the equipment between the departments remains subject to restrictions specified by the sponsoring agency in the agreement. Departments contemplating a transfer of federally funded equipment should complete the "Capital Asset Property Disposal/Move form" and gain the necessary approvals before the transfer is initiated.

(c) The trade in of equipment that is outdated, or considered surplus because of replacement purchases is allowed. The term "trade in" must be included on the requisition for purchase of the new piece of equipment. A description of the item being traded-in (and an asset tag number if applicable) should be included. If the item being traded in is a capital asset (contains an asset tag), the equipment manager should submit the "Capital Asset Property Disposal/Move form" to the accounting office so



the item can be deleted from the inventory listing.

Departments contemplating a trade-in of federally funded equipment should complete the "Capital Asset Property Disposal/Move form" and gain the necessary approvals before the transfer is initiated.

(d) If an equipment manager has obtained an appointment outside of university and wishes to transfer equipment used in his or her research to their new employer, the equipment manager should submit a request to transfer and the university will determine whether a transfer is feasible, under the provisions of the applicable funding source. No equipment should be taken off premises until approval has been obtained.

(i) Equipment purchased in whole or in part with university funds must remain at the university, unless the university verifies that is not necessary for active or proposed research projects. If the university determines that the equipment is not essential for the research efforts of its faculty, it may be transferred to the employee's new employer, which may be asked to pay a fair market value of the equipment.

(ii) Equipment purchased with funds from a federal grant (gold asset tags) must be in accordance with the provisions of the applicable active or closed grant or contract. Approval for the transfer of equipment must be gained using the "Request to Transfer Equipment Title to Outside Entities" before the equipment is taken off premises.

(e) Disposal of equipment for obsolete, worn, and broken equipment which is being scrapped by the department must be initiated by the equipment manager using the "Capital Asset Property Disposal/Move form." Once the completed form is received by the accounting department, the item can be deleted from the inventory listing.

(i) Unless a sponsor indicates otherwise, university maintains title to federally funded capital equipment (gold asset tags). Title rests with university as long as the equipment is used for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project and may be disposed of without additional sponsor approval. This will be reviewed by grants accounting when the "Capital Asset Property Disposal/Move form" is submitted to accounting.



(ii) If the equipment to be disposed was purchased with federal dollars (gold asset tags) and the sponsor indicated the title does not vest with the university, then the university must first request disposition instructions from the federal awarding agency. If the federal awarding agency fails to provide requested disposition instructions within one hundred twenty days, items of equipment with a current per-unit fair market value in excess of five thousand dollars may be retained by the university or sold. Items of equipment with a current per-unit fair market value is five thousand dollars or less must first be offered to any university department for a reasonable period of time prior to offering the surplus equipment for sale outside of the university.

(f) Refer to the purchasing and selling university property rule on requirements of selling equipment.