



Fixed Assets

February 2020

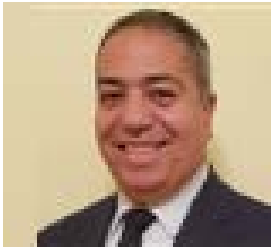
- All callers have been placed on mute.
- If you have a question, please send it via the chat function. We will monitor the chat throughout the meeting, and answer your questions during this session.
- We will have time for Q&As at the end of the meeting.
- A recording of the webinar and a copy of this presentation will be posted on the University Controller's Office website by the end of the week.
- Surveys will be sent out to registered participants.





Ernie DiSandro

Interim University Controller
University Controller's Office



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- Fixed Assets Overview
- New Capital Natural Accounts
- Equipment Cost
- How to Purchase Moveable Equipment
- RU FA 140 Department Moveable Equipment Report
- FAQs





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Fixed Assets

Purpose

- The University is currently in the process of implementing an Oracle Fixed Assets module that will record all university-wide fixed assets including tracking all capitalized Movable Equipment.
- Fixed Assets include:
 - Moveable Equipment
 - Buildings and Land
 - Land Improvements
 - Capital Improvements – completed between IP&O and Central (Plant Funds)
- This webinar will focus on moveable equipment and will help you identify and properly charge new purchased capital moveable equipment.



Moveable Equipment

- Capital Moveable Equipment is defined as:
 - any new purchase \$5,000 or more per working unit
 - Rutgers owned
 - Useful life of 12 months or more
 - Or, is a purchase to improve, extend or upgrade the life of an existing asset in the amount of \$5,000 or more.
- **Moveable Equipment is not permanently affixed to a building. Some examples are:**
 - Lab Equipment
 - Smart Audio Systems/Projectors
 - Vehicles
 - Custodial Equipment



Capital Natural Accounts

In order for this new fixed asset system to be effective, Moveable Equipment purchases must use one of the following ten new natural accounts:

Value	DESCRIPTION	COMMENT/DEFINITION
67041	Capital Equipment - Athletics/Recreation	10 Years - Treadmill, Elliptical, Pitching Machine, Weight Training system
67042	Capital Equipment - Audio-Telecomm/Machinery/Dining/Custodial/Construction	10 Years - Smart Board, Touch Display, Postage Mailing Machine, Welding Machine, Auto Diagnostic Tool, Broiler, Oven, Floor Scrubber, Washing Machine, Backhoe, Skid Steer loader
67043	Capital Equipment - IT/Copier/Communication Equipment	5 Years - Server, Printer, Storage Array, Computer, Computer Cluster, Copier, Switches, Router
67044	Capital Equipment - Music	15 Years - Piano, Organ
67045	Capital Equipment - Laboratory	10 Years - Microscope, Freezer, Centrifuge, Incubator, Glovebox, Fabrication PCR System
67046	Capital Equipment - Furniture&Fixtures/Stage Auditorium	15 Years - Desk, Modular Station, Conference Table, Portable Stage
67047	Capital Equipment - NJMVC Plated, Non-Plated/Vehicles and Boats	5 Years - State Gov Plated/Registered Vehicle such as Cars, SUV, Van, Truck, etc. Non Plated vehicles such as ATV, Club Car, Segway, Boats, Outboard Boat Motors, Racing Shell
67048	Capital Equipment - Trailers/Farm	10 Years - Utility Trailer, Boat Trailer, Livestock Trailer, Tractor, Mower
67049	Capital Equipment - Medical	10 Years - Dental Chair, X-Ray system, Mannequin, Imaging system
67050 (already exists)	Capital Software	5 Years - Purchase of software that can be capitalized. Software Purchased outright that is owned with no start and end date of use. Could be for Science, Security, Tracking, Space Scheduling



Natural Account and Depreciation Mapping Chart

Natural Account	Asset Classes	Useful Life
67041	Athletic Equipment	10
67042	Audio/Visual Equipment/Telephone System	10
	Postage Equipment	10
	Tools	10
	Kitchen and Dining Equipment	10
	Custodial/Maintenance Equipment	10



Natural Account and Depreciation Mapping Chart

Natural Account	Asset Classes	Useful Life
67043	Smart Classroom	5
	Mainframe Computer	5
	Microcomputer Workstation	5
	Terminal	5
	Disk Drive/CD Tape	5
	Monitor	5
	PCB (Printed Circuit Board) Chips, Memory, Card	5
	Printer Plotter, Scanner, Copier	5
	Card Reader, Keys, Sorter, Verifiers	5
	Miscellaneous Computer Equipment	5
	Communication Equipment	5



Natural Account and Depreciation Mapping Chart

Natural Account	Asset Classes	Useful Life
67044	Music Equipment	15
67045	Laboratory Equipment	10
67046	Furniture and Fixtures	15
	Stage/Auditorium	15
67047	Vehicles	5
	Mobile Equipment	5
	Boats	5
	Boat Motors	5
	Forklift and Accessories	5
	Construction Equipment	5



Natural Account and Depreciation Mapping Chart

Natural Account	Asset Classes	Useful Life
67048	Machinery	10
	Trailers	10
	Farm Equipment/Lawn & Maintenance Equipment	10
67049	Other Miscellaneous	10
	Medical Equipment	10
67050	Software	5



Equipment Cost

- Equipment Cost include:
 - Any initial cost that is necessary to place the item into service as a working unit.
 - Plus freight and installation.
 - The total equipment costs are to be charged to the same natural account as outlined in prior slides.
- Components for the core unit, for the unit to function, are purchased on the same initial purchase order as part of the total cost. Examples are a server and the rack to hold the server.
- If the purchase order has incidental charges, that are not apart of the Equipment Cost, such as extended support services, those costs should **NOT** be charged to the capital natural accounts but charged to the appropriate expense account.



Equipment Cost

- **Should I include the warranty cost part of the total asset cost?**
 - Typically purchased assets have some type of standard warranty (1 year), which would be included in the cost. Extended warranties like year 2-5 years are not included in the capitalization process. Therefore, it should be charged to another appropriate expense account.
- **Should I include the maintenance agreement cost part of the total asset cost?**
 - If maintenance agreement is required to purchase the equipment, then it is included for capitalization purposes. For example, purchasing a server that a vendor is required to log-in and Maintains/Apply Patches is capitalized.
- **Can I charge consumables to capital moveable equipment?**
 - Some assets require some consumables for initial startup. An example would be a copier. If delivered without ink and toner, it is not a working unit. The initial set up includes the ink and toner for the copier to work as part of total cost. However, the following year when you need to buy more consumables, then treat such expense as regular supplies.



How to Purchase Moveable Equipment

The process is as follows:

- Ensure the Moveable Equipment cost is \$5,000 or more.
 - If the moveable equipment cost is under \$5,000 then charge an expense account not the new capital natural accounts.
- Ensure the moveable equipment being purchased is owned by Rutgers University.
- Identify the type of capital moveable equipment being purchased as per the natural account and depreciation mapping chart.
- Use the correct capital natural account when creating the requisition.
 - This will ensure the proper asset depreciation over the life of the asset.
 - The new process will help track purchases by asset types improving Business Units analysis for current and future budgets.
 - This process will improve our internal and external financial reporting.



How to Purchase Moveable Equipment for a **Sponsored** Project

- Contact the Grant and Contract Accounting Office prior to creating the requisition
 - Please contact the GCA assigned accountant to the sponsored project. You may also send an email to gca-helpdesk@ored.rutgers.edu
- Typically Moveable Equipment purchases are owned by the sponsor and not the University.
- To help classify these purchases properly use the description field on the requisition to identify who owns the equipment.
- Identify the type of moveable equipment being purchased and use the proper capital natural account on the requisition.



How to Specify a Purchase of Moveable Equipment for a **Sponsored** Project

Service Request Information	
Supplier	Dell Financial Services LLC-p8030598 more info... select different supplier
Fulfillment Address	p22421933: (preferred) Payment Processing Center PO Box 5292 Carol Stream, IL 60197 US
Distribution	The system will distribute purchase orders using the method(s) indicated below: Check this box to customize order distribution information. <input type="checkbox"/>
	Email (HTML Attachment)
Product Description	steven.aubut@dell.com <div style="background-color: yellow; padding: 2px;"> Richo 6000 - Rutgers Owned (FOR SPONSORED PROJECTS PLEASE TYPE HERE IF IT IS RUTGERS OWNED) </div> 161 characters remaining expand clear
Item Quantity/Total Cost	<input type="text" value="6,000"/>
Commodity Code	<input type="text" value="Print"/>
Procurement Authority	

Supplier / Line Item Details	
Dell Financial Services LLC-p8030598 more info...	
Product Description	
1	<div style="background-color: yellow; padding: 2px;"> Richo 6000 - Rutgers Owned (FOR SPONSORED PROJECTS PLEASE TYPE HERE IF IT IS RUTGERS OWNED) more info... </div>
	Commodity Code



How to Purchase Moveable Equipment

- If multiple equipment items are being purchased where one is capital and one is not, please create two separate lines on the PO using the proper natural accounts. Repeat the process as needed.
- Identify/list final location of the equipment on the comments tab of the Marketplace Invoice. This information is necessary for Property Management to complete the new purchase tagging/auditing process.

How to Specify Final Location of Moveable Equipment

Supplier	Dell Financial Services LLC-p8030598 more info... select different supplier
Fulfillment Address	p22421933: (preferred) Payment Processing Center PO Box 5292 Carol Stream, IL 60197 US
Distribution	The system will distribute purchase orders using the method(s) indicated below: Check this box to customize order distribution information. <input type="checkbox"/>
Email (HTML Attachment)	steven.aubut@dell.com
Product Description	Richo 6000 - Installation Destination - 335 George, 4TH floor, Rm 4000 (SPECIFY FINAL LOCATION OF EQUIPMENT) 143 characters remaining expand clear
Item Quantity/Total Cost	6,000
Commodity Code	Print

Dell Financial Services LLC-p8030598 more info...	
	Product Description
1	Richo 6000 - Installation Destination - 335 George, 4TH floor, Rm 4000 (SPECIFY FINAL LOCATION OF EQUIPMENT) more info...
	General (same as header)



Trade-In

- Buying equipment using trade-in capital equipment must include the existing property tag number of each asset being traded in. The total trade-in value **MUST** be listed separately in the product description field on the requisition.
 - Listing trade-in value ensures proper retirement of the old asset and capitalization of the new asset reflecting total cost payment in lieu of cash.

Service Request Information	
Supplier	Dell Financial Services LLC-p8030598 more info... select different supplier
Fulfillment Address	p22421933: (preferred) Payment Processing Center PO Box 5292 Carol Stream, IL 60197 US
Distribution	The system will distribute purchase orders using the method(s) indicated below: Check this box to customize order distribution information. <input type="checkbox"/> Email (HTML Attachment) steven.aubut@dell.com
Product Description	Richo 6000 - Trade-In of old copier is \$3,000 and Property Tag #213456 (SPECIFY TRADE IN \$ AMOUNT AND THE CURRENT PROPERTY TAG NUMBER) ... 119 characters remaining expand clear
Item Quantity/Total Cost	<input type="text" value="6,000"/>
Commodity Code	<input type="text" value="Print"/>



Fabrication components

- Buying fabrication components can be below the \$5,000.00 capitalization threshold. However,
 - All components are vital to the functioning of the unique working unit.
 - The equipment requires creative design effort AND must be approved in advance by Property Management for capitalization purposes.
 - The finished item's function does not bear resemblance to the function of the individual components.
 - The finish product must have a unit cost of \$5,000.00 or more and useful life of one year or more.

New Report - RU FA 140 Department Movable Equipment Report

- RU FA 140 will provide important information about a department's assets such as:
 - Original in service date
 - Cost of the asset
 - Location of an asset
 - Useful life in years
- Departments can run their own reports. This was not available in the past.
- Real time up-to-date list of movable equipment per department.
- Budget Preparation
 - This report will help determine when an asset might need to be replaced.
- The departments are the sole custodian of the movable equipment, this report will help departments safeguard University Assets.



New Report - RU FA 140 Department Inventory Report



RU FA 140 Department Movable Equipment Report

Parameters

Unit 900
 Tag Status Division 1288
 Building # Organization

Building # 3000 Address Line 1 83 Somerset Street

Asset Number	Barcode	Floor	RoomWing	Description	Manufacturer	Supplier	Serial Number	Model Number	PO Number	In Service Date
239821	239821	0	000S2	SWITCH	CISCO			3650	792665	04-01-2018
200105	200105	0	1	TELEPHONE SYSTEM	E.COMM TECH		700262068	PARTNER	P482358	10-08-2004
Building #	3001	Address Line 1		19 College Avenue						

Asset Number	Barcode	Floor	RoomWing	Description	Manufacturer	Supplier	Serial Number	Model Number	PO Number	In Service Date
210047-D	210047-D	0	003A	PHONE SYSTEM	LUCENT		NOT VISABLE	MERLIN MAGIX LEGEND	651296	10-24-2005
201099	201099	0	003A	SWITCH 12 PORT	CISCO		SCAT093822G4	CAT3750	P659553	11-12-2005
210047-C	210047-C	0	003A	PHONE SYSTEM	LUCENT		NOT VISABLE	MERLIN MAGIX LEGEND	651296	10-24-2005
210047-B	210047-B	0	003A	PHONE SYSTEM	LUCENT		NOT VISABLE	MERLIN MAGIX LEGEND	651296	10-24-2005
210047-A	210047-A	0	003A	PHONE SYSTEM	LUCENT		NOT VISABLE	MERLIN MAGIX LEGEND	651296	10-24-2005
Building #	3002	Address Line 1		85 Somerset Street						

Unit	Division	Organization	Life	GL Account	Tag Status	Cost	Accumulated Depreciation	Net Book Value	Project #/Legacy	Ownership
900	1288	1129	5 Years, 0 Months	67043	Not Tagged	26,193.20	9,604.15	16,589.05	205658	Rutgers
900	1288	1129	10 Years, 0 Months	67042	Tagged	7,683.90	7,683.90	0.00		Rutgers

Unit	Division	Organization	Life	GL Account	Tag Status	Cost	Accumulated Depreciation	Net Book Value	Project #/Legacy	Ownership
900	1288	1129	10 Years, 0 Months	67042	Tagged	6,199.59	6,199.59	0.00	7810	Rutgers
900	1288	1129	5 Years, 0 Months	67043	Tagged	16,994.25	16,994.25	0.00		Rutgers
900	1288	1129	10 Years, 0 Months	67042	Tagged	3,818.21	3,818.21	0.00	7810	Rutgers
900	1288	1129	10 Years, 0 Months	67042	Tagged	10,017.50	10,017.50	0.00	7810	Rutgers
900	1288	1129	10 Years, 0 Months	67042	Tagged	10,017.50	10,017.50	0.00	7810	Rutgers

Frequently Asked Questions

- **When should I begin to use new G/L accounts for capital moveable equipment purchases?**
 - The new natural accounts are available and active to be used for the remainder of FY2020.
 - Starting FY2021 (7/1/2020), it is mandatory to use the new natural accounts.
 - Starting FY2021, natural account 67040 will be disabled.
- **Do I need to reclassify to new G/L accounts for 2020 purchases?**
 - No, please use the new accounts going forward for the remainder of FY2020.
- **What should I do if I charged the wrong account?**
 - Prepare a journal entry to reclassify to the appropriate account.
- **What should I do if I get an error message when using the new natural accounts?**
 - Contact the Unit business office.
- **Who should I contact if I'm not sure on what natural account to charge? As an example, should I use lab equipment or medical equipment?**
 - Refer to the “Natural Account and Depreciation Mapping Chart”.
 - Discuss with your business manager.
 - Send an email to capitalassets@finance.rutgers.edu.



Frequently Asked Questions

- **Who needs to use these new accounts?**
 - All business units that will buy Capital Moveable Equipment.
- **Where can we find the depreciation mapping chart?**
 - This can be found on the UCO webpage under Fixed Assets Project.
<https://ua.rutgers.edu/fixed-assets-project-implementation-fy20>
- **What should we do with the Non Rutgers owned assets**
 - An asset that is Sponsored owned and Non Rutgers owned should be noted in the Product Description when processing the Requisition.
- **What if I receive a separate Freight invoice for an asset that was under \$5,000.00 but now with freight included total cost is over \$5,000.00?**
 - This should be brought to the attention of Property Management through our email capitalassets@finance.rutgers.edu.
- **Where are partially owned assets categorized/classified?**
 - All assets will be in the new Oracle Fixed Asset system with only the Rutgers portion being depreciated.



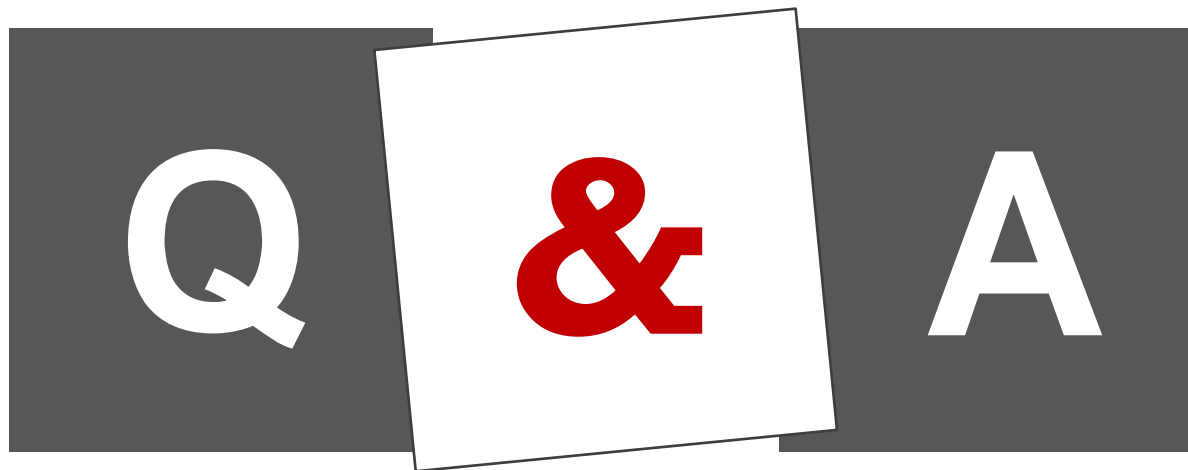
Frequently Asked Questions

- When contacting GCA regarding ownership what should I be asking them for the requisition?
 - You should ask GCA if the Capital Moveable Equipment being purchased will be owned by Rutgers or the Sponsoring Agency.
- When purchasing a capital movable equipment through an IPO, do I use the new natural accounts?
 - **NO**, IPO purchased movable equipment, must continue to use expense recovery natural account on both sides of the transaction. Property Management are reviewing all expense recovery natural accounts for capitalizations. In other words, business as usual.
- What should I do if the asset I purchased is destroyed a month after purchase?
 - Please contact Property Management at capitalassets@finance.rutgers.edu asset evaluation and adjustment.



Who To Contact ?

- For more information about the Fixed Asset project, visit the Rutgers University Accounting website. (<https://ua.rutgers.edu/fixed-assets-project>).
- If you have questions, please send an email to capitalassets@finance.rutgers.edu



QUESTIONS & ANSWERS