

State of Alabama



Department of Finance
Office of the Comptroller
Montgomery, Alabama 36130-2602

TO: Agency Accounting Contacts

DATE: August 7, 2015

SUBJECT: IMPORTANT CHANGES - Capital Asset Threshold Changes and Related Sub-object Changes

Effective for the 2016 Fiscal Year, the capitalization thresholds will be raised to \$15,000 for equipment, \$1,000,000 for software, and \$250,000 for Buildings, Semi-permanent Buildings, Land, and Improvements Other than Buildings. Items currently listed in the GCAS table in CAS and in AssetWorks will not be converted to STAARS Fixed Asset (FA) records unless they meet these thresholds.

Note: This change has **no impact** on property inventory requirements. State Auditor property numbers will still be required on all payment vouchers (STAARS and AFNS) for equipment purchases meeting the property inventory requirements, and all current procedures related to the State Auditor and AssetWorks will remain in place. Capitalizable items meeting the above thresholds and paid for through STAARS by Track1 agencies will generate FA document shells for the agency to complete. Track 3 agencies will continue to assign non-auditor property numbers in the description field of their payment vouchers in AFNS.

The sub-object codes are being revised for FY 16 to eliminate the distinction between inventoried and non-inventoried purchases. Equipment under \$500 will no longer be coded to 0900, all equipment will be coded to 1300 and 1400. For example, currently \$499 furniture is coded to 0900 while \$500 furniture is coded to 1400. Beginning with FY 16, all furniture will be coded to 1400 01 regardless of cost. The changes to the major object and sub-object definitions follows:

0500 Repairs and Maintenance - A major object covering repairs and maintenance services (parts and/or labor) for non-transportation items. These costs allow the continued use of the item by restoring it to its previous condition as opposed to betterments, or additions, or complete replacements. Complete replacement of an item should be coded in objects ~~0900~~, 1200, 1300, or 1400 as appropriate. See 1300 90 and 1400 90 for betterments and additions. See 1000 04 for transportation equipment repairs and maintenance.

0900 Supplies, Materials, and Operating Expense - A major object that includes supplies, materials, and other operating expenses as detailed in the following classifications. ~~Supplies include equipment type items that do not meet the \$500 threshold for recording in objects 1300 and 1400, or items that do not meet the thresholds for recording in object 1200. Items deemed sensitive by the State Auditor (weapons, computers, notebooks, netbooks, and servers) are coded to 1400 even if they cost less than \$500.~~

0900 13 Books, Subscriptions, and Periodicals - Purchases of books and subscriptions including textbooks for non-library use. See 1400 11 for purchases of Library Materials, ~~which should be capitalized.~~ This

code also includes miscellaneous charges and fees paid by libraries to acquire rental materials for patrons where the cost incurred does not represent the acquisition of an asset to be capitalized

0900 19 Data Processing - The cost of supplies used for data processing. Example of such items are ink and toner cartridges, keyboards, mice and other supplemental articles or supplies used in data processing. ~~Note that the State Auditor has deemed computers, notebooks, netbooks, and servers as sensitive items and thus should be coded to 1400 02 even if they cost less than \$500.~~

0900 26 Supplies For Rental Property - The cost of supplies for state owned rental property such as soap, shampoo, toiletries, firewood, banquet decorations, flowers, etc., ~~including furniture, appliances, and electronic items costing less than \$500.~~

0900 29 Recreational - The cost of recreational ~~items~~ supplies and accessories. Includes ~~items~~ supplies such as balls, tennis rackets, baseball bats, scorecards, board games and any other non-equipment sporting goods, ~~under the \$500 equipment threshold.~~

0900 30 Safety and Security - The cost of items used in fire control, rescue and safety, or providing security including charges for card keys to control building access. Includes items such as fire extinguishers, handcuffs, holsters, badges, special flashlights, and similar items, ~~under the \$500 equipment threshold.~~ Does not include wWeapons and guns should be coded to 1400 17 at any price. See 0800 23 for card key charges from ISD which are considered a service.

0900 38 Signs - The purchase of non-inventoried, non-capitalized signs. Repairs to existing signs should be coded to 0500. Mobile or portable signs inventoried by the State Auditor should be coded to 1400. Very large signs or monuments on the grounds of state occupied property costing more than \$-15,000 should be coded to 1200 09.

0900 43 Photographic Items, Supplies and Development Services - The cost of film and batteries for cameras ~~including cameras and equipment less than \$500~~. Includes cost of processing, development, and duplication of film if performed by a non-professional. See 0800-11 for professional services.

0900 44 Non-capitalized Software - The cost of non-capitalized software (less than \$1,000,000), regardless of whether it is referred to by the vendor as a purchase, license, lease, rental, maintenance agreement or other terminology. Any "maintenance" charges involving the modification of software or other professional services should be coded to 0800 07. This code should be used for software regardless of what type of equipment it is installed on, including computers, telecommunications equipment, cellular and satellite phones. The cost of capitalizable software (\$1,000,000 or more) should be coded to 1200 25.

~~0900 48 Tools - The cost of small tools purchased for less than \$500.~~

0900 53 Telecommunication, Audio and Video - Supplies, and materials ~~or equipment less than \$500~~ for telecommunications or audio/video communication. Items include accessories related to telephones, radios, cellular or satellite phones, and GPS units ~~and accessories related to these items~~. See 1400-05 and 1400-22 for equipment greater than \$500. Check with the State Auditor when purchasing complete/integrated systems or doing upgrades and/or replacements to determine how to code based on property number assignment(s) recommended by the State Auditor.

1200 25 Capitalized Software - The cost of capitalizable (\$1,000,000 or more) software, regardless of whether it is referred to by the vendor as a purchase, license, lease, rental, maintenance agreement or other terminology. Any charges involving professional services should be coded to 0800 07. Any charges which include minor upgrades should be coded to 0800 07 or 0900 44. Websites are considered computer software. This code should be used for software regardless of what type of equipment it is

installed on, including computers, telecommunication equipment, cellular and satellite phones. Noncapitalizable software (less than \$1,000,000) should be coded to 0900 44.

1300 Transportation Equipment Purchases - A major object for the cost of purchasing all types of transportation equipment and accessories. Transportation equipment is defined as vehicles, boats (water vessels), aircraft and other self-propelled equipment that can be ridden and is operated by a driver. ~~Equipment purchased under this object should cost at least \$500 for each asset separately identified and inventoried, except those coded to 1300 10.~~ All normal and reasonable expenditures necessary to get the asset in place and ready to use should also be coded to the same sub-object as the asset. Such expenditures could include freight, installation, or the cost of modifications necessary to put the asset into use.

1300 10 Transportation Equipment Accessories – Durable items used with transportation equipment. Examples include trailer hitches, tool boxes, bed covers, docking hooks for boats, winches, and trunk organizers. ~~Items coded to this sub-object may be any cost but those equal to or over \$500 must have an Auditor property number in the description field.~~

1300 90 Transportation Equipment Betterments - Records the cost of additions to transportation equipment ~~where the cost exceeds \$500. Costs under \$500 should be coded to the appropriate sub-object of major objects 1000 or 0900.~~

1400 Other Equipment Purchases - This major object captures all equipment item purchases ~~in excess of \$500~~ except those related to transportation. (see major object 1300) ~~(all weapons, computers, notebooks, netbooks, and servers are included regardless of price per State Auditor policy).~~ All normal and reasonable expenditures necessary to get the asset in place and ready to use should be coded to the same sub-object as the asset. Such expenditures could include freight, installation, or the cost of modifications necessary to put the asset into use.

1400 02 Data Processing Equipment - Purchases of any equipment related to automated data processing. Includes central processing units, terminals, disk drives, printers, modems, all input and output devices, and any other related auxiliary equipment. ~~Includes data processing items deemed sensitive by the State Auditor even if they cost less than \$500 (computers, notebooks, netbooks and servers).~~

1400 08 Recreational - Purchases of non-vehicular equipment for use as a recreational or athletic item. Includes items such as basketball goals, canoes, paddleboards, and exercise equipment.

1400 16 Tools Shop equipment The cost of equipment power and hand and tools for use in state shops. Includes special tools with a cost of \$500 or more. Includes items such as hammers, wrenches, drills, nail guns, table saws, and shop equipment.

~~1400 26 Noninventoriable Modular Furniture – This expenditure code is to be used when purchasing new wall panels and/or modular workstation components and the components are to be used as a new workstation or an addition to an existing workstation. (Use a Q number, NOT a QA number). If the component is a repair to a workstation, use 0500 05.~~

1400 90 Equipment Betterments - Records the cost of additions to equipment ~~when the cost is at least \$500. Items costing less than \$500 should be coded to the appropriate sub-object of major object 0900.~~

Contact Mike Hudson @ Mike.Hudson@Comptroller.alabama.gov or Serena McMurtrey @ Serena.McMurtrey@Comptroller.alabama.gov if you have any questions.

Sincerely,

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