

TEMPLE UNIVERSITY A Commonwealth University	<b>CONTROLLER'S OFFICE MANUAL</b>	Number: CP18.6
		Submitted By: MF Murphy
Title: <i>Capitalization &amp; depreciation of TUP assets</i>		Approved By:
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## TUP Asset Policy

Temple University will capitalize assets in conformance to policy CP18.1 with the exception of acquisitions funded by Temple University Physicians (TUP) where the cost is in excess of \$100,000. These assets will be recorded to asset & accumulated depreciation accounts under the TUP center identifier of 18/0620/000. They will still be recorded to the University's capital asset file and they will be subject to the same annual asset verification process as specified in CP18.2 titled "Movable Equipment Mailout Policy."

## Purpose

To provide to the TUP operating departments the financial capability of carrying on normal financial operations and matching large extraordinary equipment purchases to future years.

## Asset capitalization

Capitalized TUP assets conforming to this policy will use the same asset account numbers scheme that currently exists on the books. Assets that have been targeted for this process by the TUP administration will e-mail notify Property Accounting of the requisition number involved for the asset. When final payment has been made on the asset acquisition, Property accounting will book an entry that will credit the origin point of entry and establish the asset.

## Asset depreciation

The assets will be depreciated on the straight line basis with zero residual value and will be charged to the same center number stated on the purchase order. All depreciation expense will be charged to account code 7750 – Depreciation expense and will commence on the month following the final asset payment.

A repeating journal entry will be established on the G70 database and the journal line entry will be given a beginning and end date in MMY format. Each month General Accounting moves the calendar forward, the system will generate & post the entry as long as the date parameters are met within the system. The purchase order will appear in the description field.

## Loss on disposal

If the capitalized asset is taken out of service prior to it being fully depreciated, the resulting loss on disposal will be charged off to the TUP center stated on the assets purchase order. The residual net book value will be realized fully within the fiscal year of disposal.

## Chart of Accounts/Lives

Located within Property Accounting's web site is the standard asset record (SAR) code matrix for all categories currently in use. Each SAR code displays its depreciable life, associated asset/accumulated depreciation account code and a description of the category. The page can be accessed at this location: <http://www.temple.edu/property/Procedures/Codes-SAR.pdf>