

TRANSLATION

June 18th, 2014

Circular No. 14-18

DIRECTORS OF FINANCE, ACCOUNTING, PURCHASING AND PROPERTY

AMENDMENTS TO MAJOR CAPITAL EQUIPMENT CLASSIFICATION AND MINOR NON-CAPITAL EQUIPMENT

On March 18, 1998, through Circular 98-24, the Office of Finance of the Central Administration of the University of Puerto Rico (UPR) set at \$ 1,000 or more the threshold to classify as Major Capital Equipment. That total includes the amounts paid as freight and other transportation-related and installation of the equipment costs.

It has been 16 years since these instructions were issued by the UPR on the capitalization of property. Without doubt, the monetary value when making this decision has changed dramatically today, due to the high inflationary trend. To this end, it is imperative to raise the threshold level to determine which property will be considered as Major Capital Equipment. Moreover, the federal regulations provide that \$ 5,000 is the max amount that may be used as threshold for capital property.

Given the aspects indicated above, from July 1, 2014 the following provisions take effect:

1. Major Capital Equipment -. **Codes 7600 to 7699 will be used.** All purchases of property acquisitions at a cost equal to or greater than \$ 5,000, including amounts paid as freight and other related transportation and installation of equipment and the cost assigned to any equipment given as trade-in. A list of newly created codes and description is attached.
2. Minor Non Capital Equipment - The codes 7300 to 7399 will be used. These codes will be used to record the property that is purchased at cost below of \$ 5,000.00, including amounts paid as freight and other related transportation and installation of equipment costs and the value assigned to any property given as trade-in.

It is further provided that during 2014-2015 codes 7500 to 7599 will be used only to pay for equipment for which purchase orders have been issued on or before June 30, 2014. **You may not use this code for new Major Capital Equipment purchases from July 1, 2014. These codes will be deactivated completely from July 1, 2015.**

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In addition, from July 1, 2014 the purchase orders for the acquisitions of capital equipment items may not included expenses against codes that are not within the pool of capital equipment codes.

This amendment will allow us to include expenditures for the acquisition of property costing less than \$ 5,000.00 as expenses subject to reimbursement of indirect costs at the rates approved by federal agencies. **However, this will be for new proposals submitted from July 1, 2014. Existing or already negotiated grants will maintain the total indirect costs that were established at the moment of grant approval by the agency.**

Please forward these provisions to the concerned officials.

Sincerely,

Angel O. Vega Santiago
Director