

PROCEDURAL GUIDELINES FOR CAPITAL OUTLAY PURCHASES

A. Budgeting

For internal budgeting purposes some purchases will be classified as capital outlay expenditures.

In determining if an expenditure is a capital outlay item, the following factors will be considered:

- what the item is
- its cost
- its expected life.

Guidelines for determining if an expenditure should be treated as a capital outlay item will be communicated by the Business Office as part of the development of the annual College budget.

B. Financial Reporting

For financial reporting purposes certain expenditures will be classified as assets. Property and equipment will be recorded at cost, or if acquired by gift, at the fair market value of the gift at the time it was received by the College.

For furniture, fixtures, and equipment the capitalization threshold is \$5,000.

For buildings, infrastructure, and improvements the capitalization threshold is a project total greater than \$50,000.

Straight-line depreciation is used with the following estimated lives:

Furniture, fixtures, and equipment	5 - 10 years
Buildings and improvements	10 - 40 years
Land improvements and infrastructure	10 - 40 years

Decisions on exception to the above guidelines as to whether an item should or should not be capitalized, or be treated as a capital outlay expenditure, or be classified as an exception to above guidelines will be made by the Vice President of Administration or his/her designee.

Cross-References

Policy 6.00	Purchasing Policy
Procedure 6.01	Purchasing Procedures
Procedure 6.03	Receiving Procedures