Purpose
Provides the university a means to plan expected cash outlays.

Policy
A capital projects budget is prepared by the VP of Operations Office and then submitted to the Provost and the CFO for review and finalization. The university currently has no capital equipment budget so purchases are allowed from operating budgets and are reviewed by the fixed asset accountant.

Definitions
All purchases of equipment and buildings that exceed $2,500, any purchase of land, and building renovations and repairs that exceed $25,000 and extend the useful life of the asset of more than one year will be capitalized and depreciated over the estimated useful life of the asset as defined by the Controller’s Office schedule of useful life.

Procedures
1. University departments on annual basis submit capital budget requests to Facilities for review. Once the requests are reviewed, the capital budget is entered on a capital budget list for approval by the Facilities Committee.

2. Facilities Committee reviews, prioritizes and approves the capital budget requests.

3. The capital budget requests are submitted to the Finance Committee for final approval.

4. The establishment of capital budget fund numbers requires the approval of the VP of Business Operations and the VP of Finance and Administration. Once approved, the Controller’s Office establishes a new capital budget fund.

5. Some funds may already be created based on the type of funding used for the projects like grants, for example. Prior year capital projects are allowed to roll forward if funds are available or open commitments exist.

6. Capital budget expenditures may be aggregated to reach the $5,000 minimum required for capitalization if they meet the following criteria:
   a. The expenditures are part of a set, which would not generally be used separately. For example, a conference room table and chair set could be capitalized provided the total purchase was greater than $5,000 and the useful life was two years or more. However, a set of office furniture (desk, credenza, chair, etc.) would not be capitalized because the components can be used separately.
b. Equipment or furniture that is purchased as part of a renovation or new construction project can be capitalized as part of the renovation or new construction even if the furniture or equipment cost is less than $5,000 provided the overall renovation or new construction project meets the capitalization requirements.

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