	Policy No.	Replaces	Policy
	E. 203	ARM 1039	Executive
	Policy Name		
Capital and Operating Expenditures			
Approved by	Responsibility		Category
Executive	VP, Finance & Administration		Finance
Date Issued	Date Revised	Revision	Related Policies, Reference
Sept. 18, 1990	July 29, 2009	2	

PURPOSE

To document the difference between Capital Expenditures which are made through the Capital Requisition process and Operating Expenditures that are made by departments on a day-to-day basis.

CAPITAL EXPENDITURES

Capital expenditures are provided for in the capital requisition process, and are made for any items which cost more than \$1,000.00 (which may be the sum of several items, each valued at less than \$1,000.00). The useful life expectation of such assets is normally more than 2 years.


Such expenditures are of a nature which add to the accumulated value of capital and include:

1. The purchase of land.
2. The purchase or construction of new buildings.
3. Major alterations to existing buildings.
4. Initial renovations to newly acquired buildings.
5. Initial landscaping, paving and equipping of grounds.
6. The purchase of teaching equipment of a permanent nature.
7. The purchase of office equipment.
8. The purchase of furniture and fixtures.
9. The purchase of vehicular equipment.
10. The purchase of IT software and hardware.

OPERATING EXPENDITURES

Operating expenditures are provided for in Operating budgets and are those made for:

1. Day to day expenses (i.e. paper, supplies, travel, advertising and promotion, operation of vehicles).
2. Salaries and fringe benefits.
3. Contract services (i.e. security, maintenance of buildings and grounds, equipment maintenance contracts, utilities, bank charges).
4. All rentals.
5. Repairs and minor renovations of buildings.
6. Consumables.
7. Consulting (other than those related to development of new facilities) and Audit Services.

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8. Any item which costs less than \$1,000.00, and does not qualify by definition as a Capital Item.

NOTE: Any item requiring specific definitions should be referred to the Financial Services Office.