

BOARD OF REGENTS
BRIEFING PAPER

Agenda Item Title: HANDBOOK REVISION, Capitalization Threshold

BACKGROUND & POLICY CONTEXT OF ISSUE:

The institution Business Officers and Controllers have reviewed the current policy for equipment capitalization. Both groups recommend increasing the threshold from \$2,000 to \$5,000. The Federal Guidelines were amended in 2005 to increase their threshold to \$5,000. This change would bring our policy in agreement with the Federal Guidelines. Capital items costing less than \$5,000 will not be tagged for inventory purposes, however, the items will be considered for inclusion on the sensitive inventory listing.

Amends C

	_____	Chapter #	<u>9</u>	Section #	<u>C.2.12</u>
X	Amends Current Procedures & Guidelines Manual:	Chapter #	_____	Section #	_____
	Other:	_____			
	Fiscal Impact:	Yes	_____	No	_____
	Explain:	_____			

Proposed Board of Regents Handbook Revision

Title 4

Chapter 9 - NSHE Internal Audit, Finance and Administration Policies

Section C - Financial Policies: Operating Budgets

Section 2.12. - Financial Policies: Capitalization Threshold

Capital equipment is defined as those items exceeding a [\$2,000] \$5,000 expense threshold and having a useful life of greater than one year.