



Finance Office

The Capital Budget Process

Last Revised November 15, 2001

Definition and Purpose

The capital budget includes any expenditures for tangible property having a value of \$1,000 or more and a useful life of three years or more or any expenditure of \$5,000 or more for the renovation or remodeling of an existing asset resulting in an increase in the value of the asset. If in doubt about the actual value of an item that has a useful life of three or more years, include the request in the capital budget rather than the operating budget. The purposes of the capital budgeting process are as follows:

- 1) to identify, assess and plan for the capital needs of the institution for a five-year period,
- 2) to provide a basis for determining alternative sources of funding for capital needs including choices for donors,
- 3) to provide a basis for the assessment of the impact of new capital expenditures on the operating budget, and
- 4) to provide a system for accounting for the capital resources of the institution.

The Process

The annual capital budget is prepared for a fiscal year but is presented within the context of a five-year capital plan. Once specific capital expenditures are approved in that annual budget, the project or equipment item budgets will be available until they are expended. The timeframe for expenditure can be a few weeks or a matter of several months. The budget is available only for the approved capital items and cannot be expended on operational or other capital needs.

Although computer equipment is included in the University's capital budget, computer equipment requests are funded under one institutional budget administered by the Office of Information Services and Resources (ISR) with oversight from the Committee on Academic Computing (CAC) and the Administrative Computing Committee (ACC). Budget requests for the purchase or lease of computer equipment are to be submitted in accordance with procedures established by ISR.

Space renovations or needs requests are to be submitted to the appropriate dean or vice president in memorandum form. It is not necessary to obtain cost estimates from the Office of the Director of Physical Plant prior to submission of the request. A brief description of the request and the rationale for the request is required.

In addition to the annual capital budget request, budget managers are required to submit capital budget planning information for four additional years. Specific equipment or other capital items are to be detailed for two years with estimated costs. Projections for capital needs for two additional years are to be outlined as part of the capital budgeting process. The objective is to develop a rolling five-year capital plan with the greatest level of detail provided in the first year.

The Capital Budget Schedule

November 15, prior to the beginning of the budget year

The Finance Office prepares and distributes the capital budget request forms and instructions.

January 15, prior to the beginning of the budget year

Requests for annual capital budgets are submitted to the appropriate dean or vice president). The additional capital budget planning information for four years is to be included with this request.

February 15, prior to the beginning of the budget year

The budget reviews and discussions with departments are completed, and the annual capital budget requests with review recommendations are submitted to the Controller.

March 1, prior to the beginning of the budget year

Annual capital budget requests have been considered and the institutional capital budget is in draft form.

April 30, prior to the beginning of the budget year

The annual capital budget is finalized along with the institutional operating budget for submission to the Board of Trustees.

June 15, prior to the beginning of the budget year

The Finance Office notifies departments and program administrators of final approved capital budgets.

Funding Sources

The annual capital budget is funded primarily from the Plant Fund reserves for equipment and facilities. Other sources include specific gifts for capital, gifts designated for departmental or program support which can be used for capital purposes and grants or contracts that allocate funds for specific capital purchases. Departments and programs that plan to utilize funds that are designated for departmental or program support should include the capital items on the annual capital budget request and note on the form that funding is available from departmental support funds and identify the fund account. This information is particularly important in the capital budget planning data submitted with the annual capital budget request.

Capital Budget Revisions

As previously indicated, approved capital budgets may be expended only for the specific items approved and may not be expended for operational or other capital needs. Recognizing that budget plans or budget priorities can change, a process for considering revisions to the annual capital budget is established.

Requests for revisions to approved capital budgets after the beginning of the budget year are to be submitted by the budget administrator to the appropriate dean or vice president.

Instructions for Completion of Capital Budget Forms

Additional copies of the request forms can be obtained from the Finance Office website at <http://www.departments.bucknell.edu/finance/>. Once there, click on the [Services] button which appears on the left hand side of the screen, and click on the item titled "Budget Preparation & Management."

Capital Budget Request Summary Form

The Fund code is the existing capital fund (begins with a "173") for your department or program. If your department or program does not have one, leave it blank and one will be assigned.

List each capital item giving a brief description, noting if it is a replacement (R) for an existing item or new (N), and the budget request amount. Please list the items requested in order of priority need for the department or program. Additional information about the capital request should be included on a separate sheet. Include information about any special funding source that is available to meet some or all of a specific capital item requested.

Capital Budget Planning Information

An additional four years of capital budget information is requested on the separate form provided. Specific items should be listed for the first two years. Summary totals may be listed for the last two years.

In order for this planning information to be complete, it is recommended that each department or program prepare an inventory of all non-computer capital items under its control. Prepare the planning document for non-computer capital replacement needs. Items which will not need replacing within the five-year planning cycle can be so identified. New equipment that will be requested within the planning period should also be identified on the planning form.

Departments or program budget administrators may wish to create a capital budget form file on a PC and maintain the inventory and capital request information from year-to-year. Please use the basic format of the attached form.