

**SAN DIEGO COMMUNITY COLLEGE DISTRICT**  
**CHAPTER 6 – BUSINESS AND FINANCIAL SERVICES**  
**AP 6330.2 Equipment and Supply Determination**

Office of Primary Responsibility:

Business Services, Director of Purchasing and Contract Services

This Procedure is to inform and assist all District personnel who are responsible for preparing, processing, or approving electronic (online) Purchase Requisitions of the purpose and importance of determining and classifying the appropriate budget (object code) to which an item should be charged (supply or capital outlay). In addition, this is to designate an Office of Primary Responsibility in order to resolve any questions or concerns regarding supply versus equipment determinations.

**FUNCTIONS AND DEFINITIONS**

1. All orders for supplies or equipment (capital outlay or minor equipment) are initiated through the preparation of an electronic Purchase Requisition by the site/office.
2. The originator determines what is to be ordered and to which budget account should be encumbered and eventually charged when the vendor is paid.
3. All community colleges within the State are required by the State Chancellor's Office to keep track of and report the total amounts expended and charged to various expenditure categories.
4. The cooperation of District staff, in correctly identifying each expenditure, is required to maintain the uniformity of accounting, as outlined in the California Community Colleges Budget and Accounting Manual.
5. Whether an item should be considered as equipment or as supply may be determined on the length of time the item is serviceable and on its contribution to the value of the District. Generally:
  - a. Supplies are constantly being consumed and replaced without increasing the value of the District.
  - b. Equipment has a relatively permanent value and life, and its purchase increases the value of the District with a purchase value of \$200 or more.
6. Specific Definitions:
  - a. Supply - A material item of an expendable nature that is consumed, wears out, or deteriorates with use; or one that loses its identity through fabrication or incorporation into a different or more complex unit, including all instructional and non-instructional supplies and materials. It includes sub-accounts for minor equipment and recorded media with a market value at time of purchase of less than \$200,

- books/publications not intended for a Library, and expendable or consumable products, such as office, medical, and foodservice supplies, and those products used in the care and upkeep of equipment, buildings and grounds.
- b. Supplies/Minor Equipment – Tangible items over \$100 and less than \$200 are classified by specific sub-accounts of Supply, and include minor equipment (tangible property) and recorded media (film, tapes, software, downloadable software, etc.).
  - c. Capital Outlay – Equipment is tangible and movable personal property of a more or less permanent nature (normal service life of one year or more) with a market value at time of purchase (based on unit price without tax) of \$200 or greater. Capital Outlay also includes all Library Books/Publications, Buildings, Sites and Site Improvements. Equipment falls into two categories, as follows:
    - Additional Equipment: New equipment, restoration of equipment lost due to a casualty, or equipment of a different quality, capacity, or function acquired to upgrade or take the place of equipment which has become obsolete.
    - Replacement Equipment: Items purchased for replacement of equipment that no longer performs (due to normal wear and tear) the function(s) for which it was initially acquired. On a unit-for-unit basis, the replacement will perform the same function(s).
  - d. Capital Assets (Equipment) – Tangible property, with a market value at time of purchase of \$5000 or more. These contribute to the District's Plant Fund value, including any directly related freight or installation costs. Equipment items that fall into this category are a subset of all inventoriable property.

## **IMPLEMENTATION**

To insure the appropriate budget coding of all requested expenditures for supplies and equipment, all electronic Purchase Requisitions shall be evaluated and the expenditure category to be charged shall be determined as follows:

- The preliminary determination as to proper designation of the item (supply vs. equip.) shall be made by the originator. Where the determination is not clear and no persuasive case can be made for one or the other decision, the predominant category shall be "equipment".
- It shall be the responsibility of the Business Offices to review the determination and to correct improperly categorized expenditures. Purchase Requisitions initiated by Grant or Contract Programs will be also reviewed by the Grants & Contracts Department, Business Services.
- Purchase Requisitions shall again be reviewed by the Purchasing and Contract Services Department. In case of question or dispute, it shall become the responsibility of the Purchasing and Contract Services Director to make a determination as to which category the item should be charged.
- The responsibility of annually reviewing the application and implementation of this Procedure shall rest with the Purchasing and Contract Services Director. Where changes and/or amendments to this Procedure are proposed, the Management Services Council may be asked to evaluate the

revision and to provide recommendations to the Purchasing and Contract Services Director.

References:

California Code of Regulations, Title 5  
California Community Colleges Budget and Accounting Manual

Supersedes:

Procedure 8525.2, 9/10/86; 8525.2, 7/1/01

Approved by Chancellor:

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Date

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Constance M. Carroll, Ph.D.