INFORMATIONAL CIRCULAR NO. 00-A-019

DATE:	April 24, 2000
SUBJECT:	Raising of the Capitalization Threshold and Establishment of Expenditure Sub-object Codes 4XX9
EFFECTIVE DATE:	July 1, 2000
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APPROVAL:	Approved by Dale Brunton
SUMMARY:	The capitalization threshold for inventory purposes is being raised to $2,000 and expenditure sub-objects 4XX9 are being reestablished.

Capital outlay purchases will be classified under a dual sub-object code system to be determined by the cost of the item being purchased. Items with a useful life expectancy of one year or more and costing less than $2,000 will be coded as sub-object 4XX9 (non-inventory), and items with a useful life expectancy of one year or more and costing $2,000 or more will be classified as sub-object 4XX0 (inventory). Only those items with a useful life expectancy of one year or more and costing $2,000 or more, should be classified as "capital outlay" and maintained on inventory.

Effective with fiscal year 2001 business, the expenditure sub-object series 4XX9 is being reestablished and the definition of capital outlay will be amended to define capital outlay/inventory as any item with a useful life expectancy of one year or more and costing $2,000 or more. Items purchased in fiscal year 2001 and costing between $500 - $1999.99 will be classified as "non-inventory capital outlay" and coded 4XX9. When submitting encumbered items for DA-118 transactions for fiscal year 2000, please continue to use the current capital outlay coding policy to record items.

The following expenditure sub-object codes will be reestablished effective July 1, 2000:	
4019	Agricultural Equipment and Machinery - Non-Inventory
4029	Household, Laundry and Kitchen Equipment and Furniture - Non-Inventory
4039	Office Furniture, Fixtures and Equipment - Non-Inventory

The following expenditure sub-object codes will be reestablished effective July 1, 2000:	
4049	Professional and Scientific Equipment - Non-Inventory Road and Highway Machinery and Equipment (Agencies 276, 710) - Non - Inventory
4079	Road and Highway Machinery and Equipment (Agencies 276, 710) - Non-Inventory
4089	Shop and Plant Maintenance Equipment - Non-Inventory
4099	Other Equipment, Machinery, Furniture and Fixtures - Non Inventory
4109	Livestock - Non-Inventory
4119	Books and Library Material - Non-Inventory
4129	Reprographic Equipment - Non-Inventory
4139	Microcomputer Systems and Support Equipment - Non-Inventory
4169	Information Processing Equipment - Non-Inventory
4189	Computer Systems, Information Processing or Microcomputer Systems Software - Non-Inventory
4619	Telecommunications Termination Equipment - Non-Inventory
4629	Telecommunications Switching Equipment - Non-Inventory
4639	Telecommunications Transmission Equipment - Non-Inventory
4649	Radio (Portable) Equipment - Non-Inventory
4659	Radio (Fixed) Equipment - Non-Inventory
4669	Data Communications Equipment - Non-Inventory

These additions will be reflected in the Uniform Expenditure Classification of Expenditure Sub-object Codes filing (P.P.M. No. 7,002) on the Division of Accounts and Reports website http://www.da.ks.gov/ar/ppm/ppm01001.htm. Property Inventory (PPM No. 13,001) will also be updated July 1, 2000 to reflect the new threshold.

Items under $2,000 may be deleted from your agency inventory listing immediately and should not be included in the FY 2000 totals provided to the Division of Accounts and Reports. Items that appear on your Capital Outlay Report (DAFR8460) in amounts less than $2,000 for the remainder of FY 2000 should be disregarded and not added to your inventory listing.