

Purpose This guideline establishes the criteria for distinguishing between supplies and equipment for financial reporting and budgeting purposes. The classification is based on the cost, service life, and contribution to the district's physical assets. To simplify this process, we have established clear cost thresholds and category-specific rules to help departments determine the appropriate classification for their purchases.

1. Definition and Classification

A. Supplies (Cost: Less than \$500 per item)

Supplies are consumable items that are frequently used and replaced without increasing the district's physical asset value. Characteristics of supplies include:

- Items that are **consumed, replaced frequently, or have a short service life** (less than one year).
- Typically **expendable, easily broken, damaged, or lost**.
- Do not increase the long-term value of the district's assets.

Examples of Supplies:

- Office supplies (pens, paper, binders, toner, etc.)
 - Computer accessories (keyboards, mice, flash drives)
 - Medical supplies (bandages, gloves, syringes, etc.)
 - Cleaning and maintenance supplies
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B. Equipment (Cost: \$500 - \$9,999.99 per item)

Equipment consists of tangible assets that have a longer service life and contribute to the district's physical assets. Characteristics of equipment include:

- Items with a **useful life of more than one year** but do not meet the capital threshold.
 - Not easily expendable or consumable
 - Provides a lasting benefit to the district
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Guidelines for Classifying Supplies vs. Equipment NON-FACILITIES USE

Examples of Equipment:

- Computers, printers, and projectors
 - Office furniture (desks, chairs, filing cabinets)
 - Laboratory and medical equipment
 - Maintenance machinery
 - Audio-visual equipment
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2. Additional Considerations

- **Freight, Sales/Use Tax, and Handling Charges:** The total cost of an item, including shipping, handling, and applicable taxes, must be considered when determining classification.
 - **Warranties and Service Agreements:** These costs should be included in the total cost of the item when determining its classification if 1 year or less. Contact your fiscal services representative for Agreements over 1 year.052864
 - **Bundled Purchases:** If multiple items are purchased together, each individual item's cost must be evaluated separately.
 - **Software:** Classified as a supply unless it is a major system or license with a useful life of over one year and exceeds the \$500 threshold.
 - **Grant-Funded Purchases:** Must comply with grant-specific guidelines, which may have different thresholds or definitions for equipment.
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3. Exceptions to the Supply \$500 Threshold

Certain items must always be classified as equipment, even if their purchase price is below \$500, due to their function, asset tracking requirements, or institutional policies. These include:

- **Printers** (Standalone or networked, regardless of cost, if under \$10,000)
 - **Computer Monitors** (Essential peripheral to computing systems)
 - **Laptops, Chromebooks, and Tablets** (Even if purchased below \$500, due to tracking and security concerns)
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Guidelines for Classifying Supplies vs. Equipment NON-FACILITIES USE

- **Projectors and Document Cameras** (Frequently used for instructional and presentation purposes)
 - **Specialized Laboratory or Medical Equipment** (Small microscopes, centrifuges, or diagnostic devices with a long useful life)
 - **Cameras and Video Recording Equipment** (For official use, including DSLR cameras, camcorders, and streaming equipment)
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4. Accounting and Recording

- Supplies should be recorded under the appropriate expenditure category for instructional and non-instructional materials.
- Equipment purchases should be recorded as assets and capitalized when applicable.

These guidelines ensure consistency in financial reporting and proper classification of expenditures to align with institutional policies and audit requirements.