

CAPITAL BUDGET

Description and Purpose Capital expenditures either improve or replace specific assets that cost \$1,000 or more. Generally MSBA depreciates non-leasehold capital items (office equipment and furniture) over a five-year period; but computer equipment is usually depreciated over three years.

Historical Information: The MSBA generally budgets \$80,000 annually for capital expenditures with the Executive Director reviewing recommendations and making the final purchasing decisions.

The approval process is generally the same each year. In the first quarter of the fiscal year, the HR Director and the Director of Technology review with the Executive Director a proposed list of capital items that could be purchased during the fiscal year. Based on the Executive Director's revisions, the list of capital expenditures is updated and prioritized. According to the prioritized list or the need for unexpected purchases, quotes are forwarded to the Executive Director who considers approving capital items after reviewing the final quotes. The Executive Director makes the final purchasing decision based on cost, need, and anticipated capital expenditures remaining during the fiscal year.

Capital Budget: The following is a list of capital budget items that have been purchased or are proposed.

The capital budgets in 2008-09 and 2009-10 have been reduced. In 2008-09 the capital budget was reduced from its approved \$100,000 to \$55,000; and in 2009-10, it has been reduced from a proposed \$100,000 to \$20,000.

| Capital | \$55,000 | \$20,000 | \$100,000 | \$100,000 |
|--|----------------|---------------------|---------------------|----------------------|
| | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| IT | | | | |
| Professional service fees: Online Payments | \$9,830 | | | |
| Upgrade to iMIS 10.6 | \$2,771 | | | |
| Computers (2) | \$2,225 | | | |
| Replace MACs and related software | | \$10,000 | | |
| Install video conference equipment in Presidents Room | | | \$14,000 - \$25,000 | |
| Professional service fees to add discount categories to online application | | | \$1,300 - \$1,800 | |
| Purchase notebook | | | \$1,500 - \$1,900 | |
| Upgrade to Web-based AMS | | | | \$65,000 - \$250,000 |
| Office Equipment/Furniture/ Leasehold Improvements | | | | |
| Build out new office space | \$29,658 | | | |
| Furniture | \$1,252 | | | |
| Replace postage equipment | | \$10,000 - \$15,000 | | |
| Leasehold Improvement: – Reception area redesign build out | | | \$45,000 - \$55,000 | |
| Leasehold Improvement: Replace tables in Presidents and Honors Rooms | | | \$12,000 - \$15,000 | |

| Capital | \$100,000 | \$20,000 | \$100,000 | \$100,000 |
|---|-----------------|-------------------------------|--------------------------------|--------------------------------|
| | 2008-09 | 2009-10 | 2010-2011 | 2011-2012 |
| Leasehold Improvement: Extend service counter in Presidents Room to accommodate placement of larger quantities of food. | | | \$15,000 - \$16,500 | |
| Replace chairs in Board and Honors Room; carpeting and/or audio equipment in Presidents and/or Honors Rooms | | | | \$35,000 - \$45,000 |
| Total | \$45,736 | Not to exceed \$20,000 | Not to exceed \$100,000 | Not to exceed \$100,000 |

2009-10 Performance Standards

The capital budget should not exceed \$20,000. Capital budget proposals and needs will be carefully considered before funds are requested and approved.

The MSBA has two Macs that are used for advance-level desktop publishing, such as BENCH & BAR and marketing promotions. Because of the age of the Macs, versions of the software, and issues with the backup system, the Macs and backup system were replaced this fiscal year.

We have been informed by Neopost that the MSBA's postal equipment will no longer be supported after June 2010. MSBA staff will review postal equipment sold by Neopost and one or two other vendors and provide the Executive Director with a recommendation.

2010-11 Performance Standards

The major focus of the 2010-11 capital expenditures will be leasehold improvements and conference room furniture and equipment. The expenditures will create a more efficient reception area, offer new technology in the Presidents Room, and new tables in the Presidents and Honors Rooms that will make it easier for staff to rearrange them.

Current Issues and Challenges

When the MSBA upgrades to a Web-based Association Management Software (AMS) system, the project will likely exceed the annual capital funds for one fiscal year. This project will be planned to determine if it can be completed in phases over two fiscal years. If this is not possible, additional funding will be requested. Staff will make a presentation to the Operations Committee during the 2010-11 budgeting process to review the benefits of a Web-based AMS.