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April 9, 1986

To: Members of the Executive Board
From: The Secretary
Subject: Budgeting for Capital Assets

There is attached for consideration by the Executive Directors a paper on budgeting for capital assets which will be brought to the agenda for discussion on a date to be announced.

Mr. Huddleston (ext. 8238) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Budgeting for Capital Assets

(Prepared by the Administration Department
In consultation with the Treasurer's Department)

April 8, 1986

I. Background

1. Several Executive Directors have raised questions about the Fund's approach to policies and procedures with regard to accounting and budgeting for capital expenditures. To respond to the interest shown in these subjects, the Treasurer's Department has prepared a paper on Accounting for Capital Assets (SM/85/246), which was issued on August 27, 1985. That paper reviews alternative methods with respect to accounting for capital expenditures, the present practice adopted within the Fund, and the accounting practices of other organizations. The paper describes the importance of expenditures for fixed assets in the past, discusses the impact of a change in accounting practice on the Fund's income, the rate of charge, and the Fund's reserves, and indicates the technical issues that a change in the accounting practice would raise as well as the projected costs of such a change.

2. This paper on budgeting for capital assets is a complement to the accounting paper, and discusses the current budget procedure for capital expenditures used in the Fund's Administrative Budget (Section II), and three alternatives to the current procedure which might be considered (Section III). In the meantime, some additional information which will more clearly identify expenditures for capital assets have been incorporated in the FY 1987 Administrative Budget document (Section IV).

II. Current Budget Procedures

3. Current Fund budget procedures do not distinguish between capital and noncapital items of expenditure. Expenditures for large computers, other major equipment, and building improvements, for example, are combined with noncapital expenditures in the ten budget categories approved by the Executive Board. ^{1/} However, the expenses of some very large items, such as the construction of Phases I and IIa of the

^{1/} The annual administrative budget of the Fund is presented for the approval of the Executive Board in accordance with Section J-4 of the Rules and Regulations. Approval by the Board provides the authority to expend money covering both capital and noncapital administrative expense items.

headquarters office building, have been excluded from the Administrative Budget, and considered separately by the Executive Board. The amounts approved by the Executive Board within the Administrative Budget or separately outside the Budget provide for capital expenditures as they occur. There is no provision for the amortization of costs over more than one year, a subject which is discussed in Accounting for Capital Assets (SM/85/246). The format of the Administrative Budget is shown in Attachment I.

4. Some Executive Directors have expressed dissatisfaction with the present practice because it is difficult (a) to obtain a clear picture of the Fund's capital acquisitions, and (b) to identify the underlying trends in recurring expenditures as they are obscured by the inclusion of expenditures on capital items. ^{1/} These issues have attracted increasing attention in recent years because of the growth in the proportion of the Administrative Budget devoted to capital items as shown in Table I, although it will be noted that, in relative terms, capital expenditures are a small proportion of total Administrative Budget expenses. The table shows that a major part of the increase in capital expenditures during the period FY 1981 - FY 1986 has been on account of building improvements for the Concordia apartments, the construction of the IMF Visitors' Center, and for the installation of a new telephone system. Another factor has been the expenses associated with the purchase of electronic data processing equipment. These latter expenses are likely to continue at a substantial level in future years.

^{1/} It should be noted, however, that capital items are not the only expenditures which cause unevenness in expenditures from year to year. For example, the annual meeting in Korea in FY 1986 cost nearly twice as much as the Washington Annual Meeting in FY 1985, while the fact that FY 1986 was a non-election year for Executive Directors led to a substantial reduction in the cost for Executive Directors' settlement travel and allowances.

Table 1. Administrative Budget and Capital Expenditures, FY 1981-FY 1987

(In millions of U.S. dollars)

	Actual					Revised	FY 1987 Budget
	FY 81	FY 82	FY 83	FY 84	FY 85	Estimate FY 86	
<u>Total Administrative Budget</u>	128.7	165.4	182.7	202.2	226.4	248.7	245.6
<u>Budgeted Capital Expenditures</u> ^{1/}							
Building	0.3	0.1	0.4	0.5	1.2	4.6 ^{2/}	2.1
EDP equipment	0.2	0.1	0.1	0.1	7.3 ^{3/}	1.0	0.6
Telephone equipment	-	-	-	1.8 ^{4/}	0.4	0.3	-
Other equipment and furniture	<u>0.1</u>	<u>0.4</u>	<u>1.4</u> ^{5/}	<u>1.0</u>	<u>0.3</u>	<u>1.4</u> ^{2/}	<u>0.2</u>
Total capital expenditures	0.6	0.6	1.9	3.4	9.2	7.3	2.9
Budgeted Capital Expenditures as percent of total budget	0.5	0.4	1.0	1.7	4.1	2.9	1.2

^{1/} These figures are based on several assumptions such as a minimum \$50,000 expenditure, and certain criteria for identifying the type of expenditure to be capitalized. The precise effect on the budget could be higher or lower depending on the specific criteria adopted for distinguishing between current and capital expenditures.

^{2/} Includes improvements of Concordia apartments, the new IMF Visitors' Center, and other improvements that extend the useful life of Fund buildings. Excluded are repairs and maintenance projects.

^{3/} Includes purchase of IBM mainframe computer.

^{4/} New Rolm telephone system.

^{5/} Includes furniture for relocated Joint Library.

III. Alternative Budgeting Procedures

First Option - Current Presentation With Supplementary Information on Capital Expenditures

5. One option would be to continue to present the Administrative Budget with supplementary information separately identifying capital expenses and recurring noncapital expenses. One such presentation would be to add "for information" lines at the bottom of the usual budget tables. These lines would identify the total cost of capital

items for each year which had been included in the table (see Attachment IIa). In addition, the supporting narrative for the categories in question (4 out of the 10 categories periodically include capital items) would specifically mention capital items included in the Budget, and this information would be summarized in an additional supplementary table along the lines of Attachment IIb. A second variation on this option would be to create new categories within the overall Administrative Budget dedicated to capital items as shown in Attachment IIc. Both these variations would involve some extra administrative expense, primarily the one-time cost of establishing a few more administrative accounts.

6. Either of these options would go a long way towards meeting Executive Directors' concerns. However, these presentations would not provide a comprehensive analysis because major expenses such as the construction of the headquarters building would be excluded. Furthermore, even for those capital items that were included in the Administrative Budget, the expenses would be restricted to those purchases which were anticipated for the years covered in the budgetary presentation. This would mean that the full cost of a project would not necessarily be identified at the time of its initial approval, should it involve some expenditures in years beyond those covered by the presentation.

Second Option - Budget for Recurring Expenses and
Separate Multiyear Budget for Capital Expenses

7. A second option would be to establish two separate budgets, one for recurring administrative expenses and one for capital expenses. The tabular presentation for recurring expenses would be essentially the same as at present, except that capital items previously included in the Budget (e.g., about \$7.3 million in FY 1986) would be excluded. The expenditures on these capital items would be transferred to a new capital budget presentation which would also include other capital items previously outside the Administrative Budget (e.g., construction of the headquarters building).

8. Unlike the budget for recurring expenses, the new capital budget would be presented in terms of projects for acquiring capital assets (see Attachment IIIa) rather than by type of expense. Thus a major building renovation project would include costs for new equipment and furniture, as well as for building alterations. The separate presentation of a capital budget, therefore, would make it possible to show the total cost of a capital asset project over a multi-year period. It would also make it possible to distinguish between the continuing cost of projects already approved in previous years and new projects scheduled to commence in the new budget year. These advantages would in turn facilitate the review and approval of the total cost of each project at the same time.

9. Internal management procedures for requesting and reviewing capital projects and expenditure contracts would be similar for both the administrative and capital budgets. The latter would be subject to systematic cost/benefit analysis, however, this would not be practical for many items in the Administrative Budget which do not lend themselves to a systematic cost/benefit review, e.g., some other personnel expenses, travel, communications, certain publications, etc. 1/ The annual Capital Budget would be prepared at the same time as the Administrative Budget for recurring expenses, and could be presented either separately or as a part of the same document. In either case, there would be a need for a separate capital budget decision as shown in Attachment IIIb. Once a project has been approved in the annual budget review, it would not be subject to further Executive Board approval unless there were major variations in substance or expense from what had been originally approved. The Executive Board would be advised of any variations, and a separate draft decision would be incorporated as part of the annual budget proposal.

10. This second option would seem to satisfy the main concerns of Executive Directors; it would be better than Option I insofar as the full cost of multiyear capital projects would be shown at the time they were first presented to the Executive Board. Furthermore, the presentation would incorporate all projects including those now approved separately from the Administrative Budget. On the other hand, there would be less clarity with regard to analyses of expenses by type or object of expense; for example, how much of the project's total expenses were for building alterations, how much for furniture, etc. This problem could be largely alleviated by publishing a linking table in the Capital Budget presentation which would convert project costs into object of expense costs as shown in Attachment IIIc. However, the possibility would remain that expenditures on similar items could be split between two budgets that would, over time, disrupt budget time series. 2/

11. The need for additional resources required for implementing this option would be somewhat greater than those required under the first option, but would still be relatively small and could be absorbed by the personnel resources now available for work on the administrative accounts and budget.

1/ The staff is planning to develop guidelines on the application of cost/benefit analyses including the issue of the cost of money.

2/ For example, the purchase of a minicomputer may, because of price, be included in the Capital Budget. This might no longer be true a year later if the price should drop and the purchase cost of a new minicomputer is included in the Administrative Budget.

Third Option - Comprehensive Administrative Budget Including
Depreciation for Capital Items Together with a Separate Multiyear
Budget For Capital Expenditures

12. A third option would be a refinement of the second option whereby the two budgets would be linked together by means of a depreciation accounting system that incorporates all administrative expenses. 1/ This would allow the allocation of expenses of capital items to successive financial years in accordance with their useful life. 2/ Under this option, the presentation of the Capital Budget decision would be similar to that in Attachment IIIb, and the supporting analytical table would be the same as Attachment IIIa. The Administrative Budget presentation could adopt the format shown in Attachment IV.

13. In addition to the benefits associated with the second option, the third option would smooth out some of the expenditure fluctuations in the Administrative Budget from year to year and provide a more comprehensive and uniform budget. 3/ The presentation of the capital assets' acquisitions would be enhanced because it could be shown in relation to existing assets acquired in prior years. 4/ Another advantage to be gained from the third option is that depreciation (within the financial accounts or through other records) would provide a record of costs for the distribution or charge-back of projects where the costs of major capital facilities, such as a mainframe computer, are shared between departments. The use of depreciation accounting might assist in reducing the present incentive to rent or lease, rather than purchase, equipment even when it is clearly uneconomical to do so over the useful life of the equipment. This incentive would be further reduced by the use of a multiyear budget (perhaps covering 5 years) which includes depreciation spread over the useful life of the assets. Neither of these techniques, of course, avoid the need for economic analysis to determine which of the rent or purchase options is appropriate, nor do they reduce cash outlays.

1/ It is possible to calculate depreciation outside the accounting system and without integrating the depreciation budget with the accounts, but this procedure would have the disadvantage, from the point of view of budget administration, of disassociating the Administrative Budget from the financial statements.

2/ The matter is discussed in the paper on "Accounting for Capital Assets", SM/85/246, pages 20-21.

3/ More uniform in the sense that all budgeted expenses would reflect more accurately the cost of goods and services used in the year. The present budget includes some items which are consumed immediately and some (capital items) which are used up over a multiyear period.

4/ Issues relating to recapitalization of existing assets are discussed in the paper on Accounting for Capital Assets (SM/85/246), pages 14-17.

14. As indicated in SM/85/246, the initial set-up costs 1/ and operating costs of a depreciation accounting system that would be necessary to maintain the third option would be somewhat greater than for the other two options. Nevertheless, the amount involved, after the initial set-up costs, would be still relatively minor because there will only be a limited number of capital items over \$50,000 or \$100,000 purchased each year (perhaps 15-20 per annum), and the extra expense may be considered acceptable given the additional advantages which such a system would provide. Should the additional administrative expense be considered a significant issue, then the depreciation accounting system could be limited to only the largest expenditure items. However, this limitation would have the disadvantage that the Administrative Budget would no longer be associated with full depreciation accounting for all items which are deemed capital purchases.

IV. Improvement in the Administrative Budget Document
for FY 1987 Pending the Executive Board's Decision
on Capital Budgeting and Accounting

15. The FY 1987 Administrative Budget (EBAP/86/75) was issued April 1, 1986. It is anticipated that any decisions made during the Executive Board discussion on capital budgeting and accounting will be incorporated in the FY 1988 Budget to be released in March 1987. Pending a decision by the Executive Board, some information on expenses for capital assets has been included in the FY 1987 budget document. 2/ This will provide Executive Directors with an indication of the magnitude of capital expenses proposed for FY 1987.

Attachments (4)

1/ These will include the cost of establishing proper accounting control and subsidiary inventory and other records, including EDP systems. The set-up costs will depend upon decisions on whether or not to recapitalize past expenditures and the minimum level for capitalization. This could range from as little as 3 to 4 man-weeks to as much as 2 man-years excluding the cost of developing and maintaining the necessary computer software support.

2/ Page 11, paragraph 28.

Current Presentation
Showing Actual Expenses for FY 1984 and FY 1985
and Revised Budget Estimates for FY 1986

(In thousands of U.S. dollars)

Object of Expense	FY 1984	FY 1985	FY 1986
<u>ADMINISTRATIVE BUDGET</u>			
I. Personnel Expenses			
A. Salaries	83,280	89,780	98,830
B. Other Personnel Expenses	<u>56,480</u>	<u>58,900</u>	<u>64,610</u>
Subtotal	<u>139,760</u>	<u>148,680</u>	<u>163,440</u>
II. Travel Expenses			
C. Business Travel	13,678	13,688	16,300
D. Other Travel	<u>10,688</u>	<u>11,319</u>	<u>12,000</u>
Subtotal	<u>24,366</u>	<u>25,007</u>	<u>28,300</u>
III. Other Administrative Expenses			
E. Communications	6,723	6,752	5,740
F. Building Occupancy	9,080	10,297	15,720
G. Books and Printing	1,759	1,862	2,110
H. Supplies and Equipment	4,458	4,331	6,500
I. Data Processing	10,528	23,841	20,790
J. Miscellaneous	<u>5,480</u>	<u>5,632</u>	<u>6,070</u>
Subtotal	<u>38,028</u>	<u>52,715</u>	<u>56,930</u>
Total Administrative Budget	<u>202,154</u>	<u>226,402</u>	<u>248,670</u>

OFF-BUDGET CAPITAL ASSET COSTS

Headquarters Building	<u>4,046</u>	<u>528</u>	<u>694</u>
Total	<u>4,046</u>	<u>528</u>	<u>694</u>

Option 1. Current Presentation, with Supplementary Information on
Capital Expenditures, Showing Actual Expenses for FY 1984
and FY 1985 and Revised Budget Estimates for FY 1986

(In thousands of U.S. dollars)

Object of Expense	FY 1984	FY 1985	FY 1986
I. Personnel Expenses			
A. Salaries	83,280	89,780	98,830
B. Other Personnel Expenses	<u>56,480</u>	<u>58,900</u>	<u>64,610</u>
Subtotal	<u>139,760</u>	<u>148,680</u>	<u>163,440</u>
II. Travel Expenses			
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Subtotal	<u>38,028</u>	<u>52,715</u>	<u>56,930</u>
Total Administrative Budget	<u>202,154</u>	<u>226,402</u>	<u>248,670</u>
Memorandum Items: Capital Assets <u>Included in Above Categories 1/</u>			
Communications	1,800	446	300
Building Occupancy	550	1,167	4,580
Supplies and Equipment	993	286	1,418
Data Processing	<u>100</u>	<u>7,276</u>	<u>1,013</u>
Total Capital Expenses	<u>3,443</u>	<u>9,175</u>	<u>7,311</u>

1/ Using \$50,000 as a minimum for capital items.

Option 1. Continued

Supplementary Table Summarizing Capital
Expenditures in the Administrative Budget 1/
By Budget Category, FY 1984 - FY 1986

(In thousands of U.S. dollars)

Object of Expense	FY 1984	FY 1985	FY 1986
<u>E. Communications</u>			
Telephone equipment	1,800		
Other equipment		446	300
Subtotal	<u>1,800</u>	<u>446</u>	<u>300</u>
<u>F. Building Occupancy</u>			
Cooling equipment	250		500
Concordia		640	2,880
Communications Division		200	300
Lecture room			600
Other	300	327	300
Subtotal	<u>550</u>	<u>1,167</u>	<u>4,580</u>
<u>H. Supplies & Equipment</u>			
Phase IIa	868	226	
Concordia			1,000
Visitors' Center			208
Other	125	60	210
Subtotal	<u>993</u>	<u>286</u>	<u>1,418</u>
<u>I. Data Processing</u>			
Mainframe computers		4,900	
Minicomputers		351	278
Other equipment	100	2,025	735
Subtotal	<u>100</u>	<u>7,276</u>	<u>1,013</u>
Total Budgeted Capital	<u>3,443</u>	<u>9,175</u>	<u>7,311</u>

1/ Using \$50,000 as a minimum for capital items.

Option 1. Continued

Current Presentation of Administrative Budget
With New Categories Showing Capital Expenditures
FY 1984 - FY 1986

(In thousands of U.S. dollars)

Object of Expense	FY 1984	FY 1985	FY 1986
<u>I. Personnel Expenses</u>			
A. Salaries	83,280	89,780	98,830
B. Other Personnel Expenses	<u>56,480</u>	<u>58,900</u>	<u>64,610</u>
Subtotal	<u>139,760</u>	<u>148,680</u>	<u>163,440</u>
<u>II. Travel Expenses</u>			
C. Business Travel	13,678	13,688	16,300
D. Other Travel	<u>10,688</u>	<u>11,319</u>	<u>12,000</u>
Subtotal	<u>24,366</u>	<u>25,007</u>	<u>28,300</u>
<u>III. Other Recurring Administrative Expenses</u>			
E. Communications	4,923	6,306	5,440
F. Building Occupancy	8,530	9,130	11,140
G. Books and Printing	1,759	1,862	2,110
H. Supplies and Equipment	3,465	4,045	5,082
I. Data Processing	10,428	16,565	19,777
J. Miscellaneous	<u>5,480</u>	<u>5,632</u>	<u>6,070</u>
Subtotal	<u>34,585</u>	<u>43,540</u>	<u>49,619</u>
Total Recurring Expenses	<u>198,711</u>	<u>217,227</u>	<u>241,359</u>
<u>IV. Capital Expenditures</u>			
K. Communications	1,800	446	300
L. Building Occupancy	550	1,167	4,580
M. Furniture and Equipment	993	286	1,418
N. Data Processing	<u>100</u>	<u>7,276</u>	<u>1,013</u>
Subtotal	<u>3,443</u>	<u>9,175</u>	<u>7,311</u>

Note: A variation on this table would be to divide each of the four existing categories (Communications, Building Occupancy, Supplies and Equipment, and Data Processing) which include capital expenses, into two subcategories, one for capital items and one for noncapital items. This would facilitate a clearer picture of all expenses of one type, but would make less clear the overall capital expenditure picture.

Option 2

Format for Separate Multi Year Budget for Capital Expenses by Project

Table 1. Illustrative Capital Expenditures Budget in Terms of Old Projects (Approved in FY 1986 and prior years and New Projects (Proposed to start in FY 1987) ^{1/}
(In thousands of U.S. dollars)

	Estimated Prior Years Total	FY 87 Budget			FY 88 Budget			FY 89 Budget			Budget for Later Years			All Years		
		Old	New ^{2/}	Total	Old	New ^{2/}	Total	Old	New ^{2/}	Total	Old	New ^{2/}	Total	Old	New ^{2/}	Total
Capital Assets																
1. Office Facility Projects																
a. Headquarters																
700 19th Street	30,000	-	730	730	400	200	600	-	50	50	-	50	50	400	1,030	1,430
Phase IIa	25,000	100	500	600	300	100	400	50	-	50	-	-	-	450	600	1,050
Visitors' Center	300	-	-	-	50	-	50	-	-	-	-	-	-	50	-	50
Other	1,000	-	50	50	-	50	50	-	-	-	-	-	-	-	100	100
	56,300	100	1,280	1,380	750	350	1,100	50	50	100	-	50	50	900	1,730	2,630
b. Other buildings																
Concordia	6,300	1,000	-	1,000	50	-	50	-	-	-	-	-	-	1,050	-	1,050
Other	200	-	100	100	-	100	100	100	50	150	-	50	50	100	300	400
	6,500	1,000	100	1,100	50	100	150	100	50	150	-	50	50	1,150	300	1,450
Subtotal	62,800	1,100	1,380	2,480	800	450	1,250	150	100	250	-	100	100	2,050	2,030	4,080
2. Automation Facilities Projects																
a. Computing																
IBM	5,000	-	50	50	100	50	150	-	50	50	-	-	-	100	150	250
Burroughs Mainframe	2,000	50	360	410	-	-	-	-	-	-	-	-	-	50	360	410
Minicomputers	1,000	50	60	110	50	-	50	-	-	-	-	-	-	100	60	160
Other	2,000	-	200	200	100	50	150	-	50	50	-	-	-	100	300	400
	10,000	100	670	770	250	100	350	-	100	100	-	-	-	350	870	1,220
b. Printing																
Composition Equipment	300	-	50	50	-	50	50	-	-	-	-	-	-	-	100	100
c. Communications																
Expanded telephone system	1,500	-	50	50	50	-	50	-	-	-	-	-	-	50	50	100
Subtotal	11,800	100	770	870	300	150	450	-	100	100	-	-	-	400	1,020	1,420
Budget Total	74,600	1,200	2,150	3,350	1,100	600	1,700	150	200	350	-	100	100	2,450	3,050	5,500

^{1/} This table is for illustrative purposes only and does not present approved budget figures, but rather an example of a multiyear budget in terms of old and new capital asset projects.

^{2/} New projects signify those projects started in FY 1987 together with any net variation on old expenditures.

Option 2. continued

Format for Draft Decision Relating to New Capital Budget Projects
to Commenced in FY 1987 1/

Appropriations for new capital projects to begin in FY 1987 are approved with expenditures to be spread across FY 1987 and subsequent years as follows:

	<u>Total</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>Later Years</u>
<u>1. Office Facility Projects</u>					
a. Headquarters	1,730,000	1,280,000	350,000	50,000	50,000
b. Other Buildings	300,000	100,000	100,000	50,000	50,000
Subtotal	<u>2,030,000</u>	<u>1,380,000</u>	<u>450,000</u>	<u>100,000</u>	<u>100,000</u>
<u>2. Automation Facility Projects</u>					
a. Computing	870,000	670,000	100,000	100,000	-
b. Printing	100,000	50,000	50,000	-	-
c. Communications	50,000	50,000	-	-	-
Subtotal	<u>1,020,000</u>	<u>770,000</u>	<u>150,000</u>	<u>100,000</u>	<u>-</u>
Total for capital projects to be started in FY 1987	<u>3,050,000</u>	<u>2,150,000</u>	<u>600,000</u>	<u>200,000</u>	<u>100,000</u>

Commitments may be made for each of the five lines up to the amount indicated in the total column shown above. Any commitment going beyond the total approved for each capital investment line will be submitted to the Executive Board for approval.

1/ Figures are for illustrative purposes only.

Option 2. Continued

Format for Separate Multi Year Budget for Capital Expenses by Object of Expense

Illustrative Capital Expenditures Budget in Terms of Old Projects (Approved in FY 1986 and prior years and New Projects (Proposed to start in FY 1987)

(In thousands of U.S. dollars)

	Prior Years Total	FY 87 Budget			FY 88 Budget			FY 89 Budget			Budget for Later Years			All Years		
		Old	New 2/	Total	Old	New 2/	Total	Old	New 2/	Total	Old	New 2/	Total	Old	New 2/	Total
Communications	500	-	50	50	50	-	50	-	-	-	-	-	-	50	50	100
Building	62,000	900	1,330	2,230	750	450	1,200	100	50	150	-	50	50	1,750	1,880	3,630
Supplies and Equipment	4,100	200	100	300	50	50	100	50	50	100	-	50	50	300	250	550
Data Processing	8,000	100	670	770	250	100	350	-	100	100	-	-	-	350	870	1,220
Total	74,600	1,200	2,150	3,350	1,100	600	1,700	150	200	350	-	100	100	2,450	3,050	5,500

1/ The table is for illustrative purposes only and does not present approved budget figures, but rather an example of a multiyear budget in terms of old and new capital asset projects.

2/ New projects signify those projects started in FY 1986 together with any net variation on old expenditures.

Option 3. Comprehensive Administrative Budget
Including Depreciation for Capital Items Together
with Separate Multi-Year Budget for Capital Expenditures

Administrative Budget with Depreciation Costs 1/
(In thousands of U.S. dollars)

Object of Expense	FY 1984	FY 1985	FY 1986
<u>I. Personnel Expenses</u>			
A. Salaries	83,280	89,780	98,830
B. Other Personnel Expenses	<u>56,480</u>	<u>58,900</u>	<u>64,610</u>
Subtotal	<u>139,760</u>	<u>148,680</u>	<u>163,440</u>
<u>II. Travel Expenses</u>			
C. Business Travel	13,678	13,688	16,300
D. Other Travel	<u>10,688</u>	<u>11,319</u>	<u>12,000</u>
Subtotal	<u>24,366</u>	<u>25,007</u>	<u>28,300</u>
<u>III. Other Administrative Expenses</u>			
E. Communications			
- Noncapital	4,923	6,306	5,440
- Depreciation	360	449	509
F. Building Occupancy			
- Noncapital	8,530	9,130	11,140
- Depreciation	2,190	2,324	2,805
G. Books and Printing	1,759	1,862	2,110
H. Supplies and Equipment			
- Noncapital	3,465	4,045	5,082
- Depreciation	112	140	298
I. Data Processing			
- Noncapital	10,428	16,565	19,777
- Depreciation	20	1,475	1,678
J. Miscellaneous	<u>5,480</u>	<u>5,632</u>	<u>6,070</u>
Subtotal	<u>37,267</u>	<u>47,928</u>	<u>54,909</u>
Total Administrative Budget	<u>201,393</u>	<u>221,615</u>	<u>246,649</u>

1/ Includes depreciation of estimated capital assets acquired since FY 1984, and assumes around \$62 million of prior assets were added to the accounts with an accompanying additional annual depreciation of around \$2 million in the Building Occupancy category.

