

CAPITAL/EQUIPMENT EXPENDITURES**Definition**

1. Capital

The term *capital* shall mean equipment with a useful life of more than one year and valued at five thousand dollars (\$5,000) or more, including actual or estimated tax, shipping and handling, and land, buildings, and improvements, other than buildings valued at five thousand dollars (\$5,000) or more. All items over five hundred dollars (\$500) with a useful life of more than one year shall be tracked in the Excelsior Charter Group Inventory.

2. Equipment Classified as Capital

In order to maintain property control, any equipment over five hundred dollars (\$500) shall be recorded and tracked.

a. equipment shall not be rented or loaned. When equipment is taken off site for business, the borrower is responsible for its safe return and shall be liable for any loss or damage.

3. Capital Improvements and Expenses

A guiding principle for distinguishing between a capital improvement and a repair and maintenance expenditure is that a capital improvement results in an improved asset. If an expenditure increases the utility or significantly extends the useful life of an asset, the expenditure should be capitalized. If an expenditure only maintains the original condition of the asset, the expenditure should be classified as an expense.

Budget: Capital Expenditures

Except in emergencies or for reasons of economy, the purchase of major pieces of equipment classified as capital shall be scheduled so that annual budgetary appropriations for capital purposes either will be of similar size or will show a continuous trend without severe fluctuations.

Adopted: 03/13/2018

Amended: