



# POLICIES & PROCEDURES

NUMBER PP 401

SECTION: Accounting

SUBJECT: Fixed Assets, Capital Expense Reports

**PP No.:** 401

**Section:** Accounting

**Subject:** Fixed Assets, Capital Expense Reports

**Approved By:** Tony Massey

**Effective Date:** November 14, 2001

**Last Reviewed Date:** April 13, 2026

**Policy Owner:** Sr. Director of Tax and Compliance

## FIXED ASSETS

Fixed assets are long-lived assets, with a cost of \$500 or more. Fixed assets are also referred to as capitalized expenditures. Because fixed assets have a relatively long period of expected service and a substantial cost, the costs are depreciated over the period of expected useful service. Fixed assets typically fall into one of the following categories:

- Equipment
- Leasehold improvements
- Software
- Vehicles

### Equipment

Fixed assets include all treating equipment, office furniture, computers, and equipment with a cost of \$500 or more (including sales tax). Treating equipment includes pumps, rotary hammer drills, fumigation tarps, etc. Office furniture and equipment includes desks, chairs, phone systems, and copy machines, that have a cost of \$500 or more.

### Leasehold Improvement

Leasehold improvements are any additions to existing leased facilities. To qualify for capitalized leasehold improvements, the expenditure must be an addition, rather than a repair, to leased facilities. Repairs to leased facilities such as touch-up painting, minor air conditioning repairs, and other miscellaneous minor repairs are expense items and are not recognized as leasehold improvements.

The cost of a leasehold improvement is normally amortized (depreciated) over the remaining life of the lease, not the expected life of the leasehold improvement. The Accounting department will determine the amortization schedule for each leasehold improvement. (The only exception occurs when the expected useful life of the leasehold improvement is shorter than the remaining life of the lease).

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Software includes all purchased computer programs, operating systems, and application packages with a cost of \$500 or more (including sales tax). To qualify as a capitalized software asset, the expenditure must be for a new software package or a significant upgrade that enhances functionality beyond routine maintenance. Minor updates, license renewals, subscription fees, and routine maintenance agreements are considered expense items and should not be capitalized.

Capitalized software is depreciated over its useful life, consistent with corporate fixed-asset guidelines.

Examples of capitalizable software include, but are not limited to:

- New office productivity suites
- Specialized treatment, routing, or operational software
- Major system upgrades that provide substantially improved functionality

Examples of non-capitalizable software expenses include:

- Anti-virus subscription renewals
- Cloud-based subscription licenses billed monthly or annually
- Routine software patches or maintenance updates

**Vehicles**

Vehicles include all automobiles, trucks, and specialized service vehicles. The cost of a vehicle includes the purchase price, applicable taxes, delivery charges, and any required initial accessories necessary for operational readiness (such as equipment or decals).

Vehicles are depreciated over their assigned useful life, consistent with corporate fixed-asset guidelines. Routine maintenance, repairs, fuel, detailing, and other operating expenses are not capitalized and should be charged as period expenses.

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## FIXED ASSET APPROVALS

All fixed asset purchases must have the prior approvals as required by PP: C-4 Limits of Authority. Certain purchase types require additional approvals as shown in Table 1, below.

Table 1. Required Approvals by Purchase Type

Purchase Type	Required Approvals: Service Center	Required Approvals: Corporate	Additional Approvals as required by PP C-4 Limits of Authority
Equipment	General Manager	Department Director/Manager	Regional Manager Regional Vice President Vice President Chief Financial Officer CEO & President
Leasehold Improvements	General Manager, Regional Manager, Regional Vice President	Department Director/Manager	Vice President Chief Financial Officer CEO & President
Software	General Manager Regional Manager Regional Vice President IT Director VP of IT	Department Director/Manager IT Director VP of IT	Vice President Chief Financial Officer CEO & President
Vehicles	Director of Fleet Management Regional Manager Regional Vice President Vice President of Fleet & Assets Chief Financial Officer CEO & President	Department Director/Manager Director of Fleet Management Corporate Vice President Vice President of Fleet & Assets Chief Financial Officer CEO & President	

Most treating equipment and vehicles will be handled at the time of budgets and should require the input of the Director of Quality Assurance and the Director of Fleet Management.

The CEO & President has final approval on all signage regardless of price.

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Before approval will be granted, the purchaser must complete and forward a "Capital Expenditure Request" for appropriate approvals (Appendix A).

The CER is a document used to order all capitalized items. The purchaser is responsible for submitting a CER for all fixed assets. Purchases which exceed the manager's limit of authority must have prior approval.

Prior to originating a CER, the purchaser must determine that the request is essential. Other options that should be considered are:

1. Repair inoperative equipment. (A good preventative maintenance program will decrease frequency of equipment failure and drive down the replacement costs.)
2. Check with other service centers or departments on the availability of excess or surplus equipment and/or furniture. Before any new equipment is approved, an attempt to find and utilize any comparable surplus equipment must be made.
3. Consider a short-term lease or rental of equipment as an alternative (where long-term revenue results may not be anticipated or seasonal situations may exist).

All CER's must be approved and signed by the originating purchaser and all required approvers. The CER shall contain the total cost of the item(s) with a proper detailed explanation and justification as to the necessity of the purchase. Any applicable estimate of bids, drawings, photos, etc., should also be attached.

Completed CER's shall be forwarded to the appropriate approval authority for signature. Verbal approval may be given in an emergency, but the signed CER must be attached to the invoice or requisition before Accounting will process payment.

**FIXED ASSET INVENTORY**

The general manager or department director/manager is to inventory their fixed assets/capital equipment annually, when requested by corporate, or when assigned to a new service center or department. The inventory is to be recorded on the Depreciation Schedule. All capital equipment items are listed by make, model, serial number, approximate age, and condition. A copy is forwarded to Accounting for verification of items and a copy must be retained at the service center/department for future reference.

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## FIXED ASSET DISPOSAL

Prior to the disposal of any fixed asset (whether by sale, transfer, or scrap), the service center/department must complete a "Request for Disposition or Asset Transfer Form" and forward to Accounting. If the item is to be transferred to another service center or department, the depreciation expense will be transferred beginning on the effective date of the transfer.

If a fixed asset will be sold, approval is required based on the asset type and book value or loss. Specific requirements are listed in Table 2, below.

Table 2. Fixed Asset Disposal or Sale Required Approvals

Asset Type	Service Center Asset	Corporate Asset Sale	Additional Approvals
Equipment	General Manager Regional Manager	Department Director	As required by PP C-4 Limits of Authority, based on asset book value or loss on disposal
Computer Hardware	General Manager Regional Manager IT Director VP of IT	Department Director IT Director VP of IT	As required by PP C-4 Limits of Authority, based on asset book value or loss on disposal
Vehicles	Director of Fleet Management Regional Manager Regional Vice President VP of Fleet & Assets	Department Director Director of Fleet Management Corporate Vice President VP of Fleet & Assets	As required by PP C-4 Limits of Authority, based on asset book value or loss on disposal

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## APPENDICES

### Appendix A: Capital Expenditure Request form



#### Capital Expenditure Request

<b>What is being requested?</b>			
Service Center / Dept. Name:	Service Center / Dept. #:	Person Ordering:	Date:
<b>Item Description:</b> <i>What is being purchased, installed, or built.</i>			
Quantity:	Budgeted? Y N	Expected Useful Life:	Replacement for Existing Asset? Y N
<b>Business Justification:</b> <i>Describe the issue, need, or opportunity this addresses.</i>		<b>Business Impact if Not Approved:</b>	

<table border="1"> <tr><th>Software</th></tr> <tr><td>Software Vendor:</td></tr> <tr><td>Purpose / Functionality:</td></tr> <tr><td>Licensing Model:</td></tr> <tr><td>Number of Licenses / Seats:</td></tr> <tr><td>Implementation Requirements:</td></tr> </table>	Software	Software Vendor:	Purpose / Functionality:	Licensing Model:	Number of Licenses / Seats:	Implementation Requirements:	<table border="1"> <tr><th>Vehicle Addition</th></tr> <tr><td>Make &amp; Model:</td></tr> <tr><td>Team Member Name:</td></tr> <tr><td>Team Member ID:</td></tr> <tr><td>Team Member Position:</td></tr> <tr><td>Team Member Start Date:</td></tr> </table>	Vehicle Addition	Make & Model:	Team Member Name:	Team Member ID:	Team Member Position:	Team Member Start Date:	<table border="1"> <tr><th>Details about the Vehicle Being Replaced</th></tr> <tr><td>Vehicle #:</td></tr> <tr><td>Make &amp; Model:</td></tr> <tr><td>Year:</td></tr> <tr><td>Mileage:</td></tr> <tr><td>Replacing with (Make / Model):</td></tr> </table>	Details about the Vehicle Being Replaced	Vehicle #:	Make & Model:	Year:	Mileage:	Replacing with (Make / Model):
Software																				
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Make & Model:																				
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Details about the Vehicle Being Replaced																				
Vehicle #:																				
Make & Model:																				
Year:																				
Mileage:																				
Replacing with (Make / Model):																				

<b>Cost Breakdown</b>			
Item Purchase Price:	Software License Fees:	Freight / Shipping:	Total w/ Taxes:

<b>Approvals-</b> approval requirements outlined in PP 401 Fixed Assets, Capital Expense Reports.			
Manager / Director	Date	Regional Manager	Date
IT Director- <i>all software</i>	Date	Regional Vice President	Date
VP of IT- <i>all software</i>	Date	Vice President / Sr. Vice President	Date
Director of Fleet- <i>all vehicles</i>	Date	Chief Financial Officer	Date
VP of Fleet & Assets- <i>all vehicles</i>	Date	CEO & President	Date

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