

RECREATION CENTERS OF SUN CITY WEST, INC.
POLICY STATEMENT Fi 02
Capital Expenditures Budgeting

1.0 Purpose:

1.1 The purpose of this policy is to formalize the Governing Board's Capital Project budgeting.

1.2 The Association's Annual Financial Plan includes a budget consisting of two parts: capital and operations.

2.0 Definitions:

2.1 The Capital Project Planning Process, detailed in Administrative Procedure, Section 1, Chapter 8, is formalized in Facilities Policy Fa 01.

2.2 The Comprehensive Capital Plan shall consist of the capital budget portion of the Annual Financial Plan and the Five-year Plan, and any other schedules and exhibits prepared by the General Manager pertaining to capital expenditures.

2.3 Capital assets and capital expenditures are defined in Policy Fi 01.

3.0 General:

This policy references Financial Policy Fi 01, Capital Expenditures (2.2); Financial Policy 15, Preparation of the Annual Financial Plan; and Facilities Policy Fa 01, Capital Project Planning Process.

4.0 Policy:

4.1 Capital projects shall be approved by the Governing Board based on a Comprehensive Capital Plan prepared by the General Manager.

4.2 The proposed Comprehensive Capital Plan shall be submitted by the General Manager for review by the Properties Committee, the Golf Committee, the Sports Pavilion and Bowling Committee, and Chartered Club Committee before submission to the Budget and Finance Committee. After review, the Budget and Finance Committee shall make its recommendations to the Governing Board for approval as part of the proposed Annual Financial Plan.

4.3 The Comprehensive Capital Plan shall be submitted in accordance with the timeframe detailed in Financial Policy Fi 15.

4.4 The Governing Board shall allocate the funds necessary to support capital projects approved in the Annual Financial Plan.

4.5 The Governing Board may authorize the expenditure of funds, as proposed by the General Manager, for potential future capital projects requiring developmental funding to determine feasibility.

4.6 In the event of emergencies or unforeseen issues during the course of a fiscal year, the Governing Board will work with the General Manager to amend or expand the Comprehensive Capital Plan as necessary to meet altered conditions.

5.0 Guidelines:

5.1 Each separate request in the capital budgeting portion of the Annual Financial Plan may include, but is not limited to the following:

- Division and department requesting the capital expenditure
- Justification for the expenditure
- Details of cost savings for improved efficiency in operation and any other specific benefit for the expenditure
- Details of the disposition of the asset being replaced (if applicable)
- Repair history of the asset being replaced (if applicable)
- Dollar amount of the expected expenditure
- Primary assigned location and its intended use
- Suggested vendor and model number
- Life expectancy of new acquisition

5.2 The source of project funds shall be part of the General Manager's proposal for specific projects.

5.3 Each proposed capital budget item over \$100,000 shall be individually considered and either approved, modified or rejected by a vote of the Governing Board at the April Regular Meeting prior to approval of the next fiscal year's Annual Financial Plan.

5.4 Capital projects requiring the General Manager's Capital Project Planning Process shall be identified during approval under 5.3 above.