



CONSIDERING EXPENDITURES OF OVER \$500, CAPITAL EQUIPMENT AND GIFTS

April 2012

Regardless of the source, all 4-H funds are public funds and must support educational programming for youth. As with all public funds, there are specific rules and regulations that must be followed to ensure proper use. For this reason, if a 4-H club or group is considering a major expenditure (over \$500), purchasing capital equipment (an asset which has a useful life of more than one year), or accepting a capital equipment gift, the 4-H club or group must secure approval from a 4-H Youth Development staff member prior to the purchase/acceptance of the item. Examples of items requiring approval include: audio visual equipment, buildings, computers, contest equipment, firearms, livestock, machinery, property, tack, trailers, vehicles...etc.

If a 4-H club or group is considering the use of 4-H funds for a major purchase or if a 4-H club or group is considering accepting a capital equipment gift, the following steps must be adhered to.

Step 1: Communicate with a 4-H Youth Development Staff

Once a 4-H club or group begins considering a major expenditure (over \$500), purchasing capital equipment (an asset which has a useful life of more than one year), or accepting a capital equipment gift, the 4-H club or group must communicate their idea to the 4-H Youth Development Staff

Step 2: Document the Need

Prior to any official approval, the 4-H club or group must answer the following questions and submit their responses in writing to the 4-H Youth Development Staff.

1. How does this purchase/gift meet the educational goal for youth?
2. How will this purchase/gift help and support reaching program educational goals?
3. How often will the purchase/gift be used? By whom?
4. Can the purpose be achieved in an alternative way rather than making the purchase/accepting the gift? Please list alternatives considered.
5. What are the advantages and disadvantages of renting this item from an independent vendor?
6. In the case of capital expenditures, the county would need to assume liability for this purchase. Describe how liability and insurance will be addressed? Who needs to be consulted at the county level to insure liability protection is in place?
7. Describe the maintenance of the purchase, listing specific tasks and who will be responsible.
8. Describe the plan for the overall management of the use of the purchase/gift? Where will the purchase/gift be housed? What permissions or agreements need to be in place? How members and 4-H volunteers will have accessibility to using the purchase/gift?
9. How will the purchase/gift be tagged and inventoried annually?
10. How long does the 4-H club or group plan to keep the purchase/gift?

11. How will the purchase/gift be disposed of?
12. Explain how this is the most effective use for money raised in the name of 4-H with the intent of providing quality educational programs for youth?

Step 3: Review and Approval

Once the questions in Step 2 are answered, meet with the 4-H Youth Development Staff will review the responses and consult with the appropriate County or State Officials for guidance in the feasibility and practicality of the purchase. This consultation could include the 4-H Leaders Organization, County Risk Manager, State 4-H Youth Development Program Director, UW-Extension Risk Manager, etc. A decision regarding the support or denial of the purchase will follow in a timely manner.

Step 4: Action

If the purchase/gift is denied, seek an alternative to fulfill the need.

If an item is purchased, establish the required documentation for the annual inventory, maintenance, and accessibility. Make sure appropriate money handling procedures are followed as outlined in the 4-H Club Treasurer's Handbook. <http://www.uwex.edu/ces/4h/clubs/money.cfm>

If the fundraising is needed and this places the 4-H Club or Group with excess funds, a 5-year plan must be put into place as per the Wisconsin 4-H Youth Development Policies. See the [Excess Funds and 5-Year Plan](#) guide on the 4-H Financial Management Website.

For More Information Go To:

- [Wisconsin 4-H Youth Development Policies which include the Financial Policies](http://www.uwex.edu/ces/4h/resources/policies/index.cfm) (<http://www.uwex.edu/ces/4h/resources/policies/index.cfm>)
- [Money Matters Website](http://www.uwex.edu/ces/4h/clubs/money.cfm) (<http://www.uwex.edu/ces/4h/clubs/money.cfm>)
- [Financial Management Website](http://www.uwex.edu/ces/4h/resources/mgt/financial.cfm) (<http://www.uwex.edu/ces/4h/resources/mgt/financial.cfm>)
- [4-H Youth Development Risk Management Website:](http://www.uwex.edu/ces/4h/resources/mgt/risk.cfm) (<http://www.uwex.edu/ces/4h/resources/mgt/risk.cfm>)



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