

APPENDIX A

SUPPLIES AND EQUIPMENT CRITERIA

CRITERIA FOR SUPPLY ITEMS

A supply item is any article or material that meets any one or more of the following conditions:

1. It is consumed in use.
2. It loses its original shape or appearance with use.
3. It is expendable. That is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to replace it with an entirely new unit than repair it.
4. It is an inexpensive item, having characteristics of equipment but with a small unit cost that makes it inadvisable to capitalize the item.
5. It loses its identity through incorporation into a different or more complex unit or substance.

CRITERIA FOR EQUIPMENT ITEMS

An equipment item is a material unit that meets all of the following conditions:

1. It retains its original shape and appearance with use.
2. It is nonexpendable. That is, it is usually more feasible to repair it rather than replace it with an entirely new unit.
3. It represents an investment of money that makes it feasible and advisable to capitalize the item.
4. It does not lose its identity through incorporation into a different or more complex unit or substance.