

## ORANGE-WINDSOR SUPERVISORY UNION

### Royalton School District

### Capitalization Policy

**Purpose:** To establish the Royalton School District policy on capitalization, recording, and inventory of capital assets.

**Policy Statement:** Effective January 1, 2004, all new capital assets valued within policy limits must be capitalized, reported, and recorded in the District Capital Asset Management System.

Capital Assets are property owned by the District and include computers, computer equipment, software and peripherals; equipment such as vehicles, machinery, copiers, classroom equipment and office equipment; buildings and land.

General Capital Assets should be capitalized and recorded when all of the following criteria are met:

1. The asset is tangible and complete.
2. The asset is used in the operation of the District's activities.
3. The asset has a value and useful life at the date of acquisition that meets that meets or exceeds the following:
  - \$5,000 value and two years life for office equipment and computers.
  - \$5,000 value and two years of life for all capital improvements.
  - All building and land must be reported regardless of value and useful life at date of acquisition.

All General Capital Assets must be recorded at either historical cost or estimated historical cost. Assets acquired through donation will be recorded at their estimated fair market value on the date of donation. In addition to purchase price or construction cost, capitalization costs such as bond interest and issuance costs, insurance during transit, freight, duties, title search, title registration, installation and breaking-in costs.

Physical inventories of all equipment and vehicles will be taken every year and completed prior to July 1<sup>st</sup>. Administrators will be required to sign and approve all inventory adjustments resulting from the inventory. Documentation will be kept on file in the office of the business manager for audit purposes.

The Orange Windsor Supervisory Union Central Office shall maintain the capital asset management system for the South Royalton School. This service is included in the assessment fee.

The Business Manager is responsible for accumulating information on new assets, adjustments, depreciation information and retiring capital assets for the South Royalton School for incorporation into the capital asset management system. The Orange Windsor Business Manager, after consulting with the Principal, will approve all adjustments and retirements.

Date Reviewed: 11-4-03, 11-18-03

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Date Adopted: 12-16-03