

# TOWN OF RANDOLPH, VERMONT CAPITAL ASSETS ACCOUNTING POLICY

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## I. POLICY PURPOSE AND OBJECTIVES

Subject to the standards established by the Governmental Accounting Standards Board in Statement No. 34, the Town of Randolph is a 'Phase III' governmental entity and must implement a system for the management of the Town's capital and infrastructure assets, effective July 1, 2004.

The objective of this system is to help the voters and taxpayers understand the extent to which the Town has invested in capital assets, including roads, bridges, and other infrastructure assets. It will also give Town officials a new and more comprehensive way to demonstrate their stewardship in the long term, in addition to the way they currently demonstrate their stewardship in the short term and through the regular budgetary process.

## II. DEFINITIONS

1. Capital Assets means property owned by the Town, including, but not limited to: computers, computer equipment, software, and peripherals; vehicles and machinery; copiers and office equipment; land and structures; and infrastructure such as roads, bridges, rights-of-way, culverts.
2. General Capital Assets means items which meet all of the following criteria:
  - A. The asset is tangible and complete;
  - B. The asset is used in the operation of the Town's activities;
  - C. The asset has a value and useful life, at the date of acquisition, which meets or exceeds the following:
    - (i) a minimum of Five Thousand Dollars (\$5,000.00) in value and a minimum of two (2) years of life for software, computer equipment, office equipment, and other equipment; or
    - (ii) a minimum of Fifteen Thousand Dollars (\$15,000.00) in value and a minimum of five (5) years of life for automobiles, trucks, and motorized equipment; or
    - (iii) a minimum of Ten Thousand Dollars (\$10,000.00) in value and a minimum of two (2) years life for all capital improvements; or
    - (iv) any structures and/or land; or
    - (v) A minimum value of Fifty Thousand Dollars (\$50,000.00) in value and a minimum three (3) years life for infrastructure and infrastructure improvements.

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## **III. PROCEDURES**

1. All general capital assets must be recorded at either historical cost, or an estimated historical cost.
2. Any assets acquired through donation shall be recorded at their estimate fair market value on the date of the donation.
3. Capital costs may include, in addition to purchase price and/or construction cost, incidental costs such as bond issuance costs and interest, transit insurance, freight, duties, title search costs, title registration, installation and 'breaking-in' costs.
4. Depreciation shall be calculated by the straight-line method.

## **IV. ANNUAL INVENTORY**

A physical inventory of all equipment and vehicles shall be completed each year, and submitted to the Town Manager by June 1st, beginning with Fiscal Year 2006.

Department heads shall be required to complete and approve all inventories and adjustments for all Town owned properties and equipment. Department heads shall be responsible for providing information on new assets, adjustments, and retirement of capital assets.

The Accounting Administrator shall maintain the documentation files for audit purposes, including reconciling balances to the general ledger.

## **V. EFFECTIVE STANDARDS**

This policy shall apply to all capital assets acquired, or infrastructure constructed or improved, after June 30, 2004.

## **VI. INCONSISTENT POLICIES REPEALED**

This Policy shall amend and replace any provisions of any Policy of the Town of Randolph in effect at the time of enactment of this amended Policy governing any activity included in this amended Policy.

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**VII. SEVERABILITY**

If any section, subsection, subdivision, paragraph, sentence, clause, or phrase of this Policy, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Policy or any part thereof.

The Selectboard hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be declared unconstitutional or ineffective.

**VIII. EFFECT**

No section of this Policy shall be construed to supersede or replace any Vermont statute or Federal act or regulation.

This Policy shall be entered in the minutes of the Selectboard's meeting.

The foregoing amended Policy is hereby adopted by the Selectboard of the Town of Randolph, Vermont, this \_\_\_ day of \_\_\_\_\_, 2004, and is effective as of this date until amended or repealed.

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James Hutchinson, Selectboard Chair

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Heather Tallman, Clerk

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Peter Butterfield

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Kevin Osha

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Phyllis Forbes