

CHAPTER 17
CAPITALIZATION

CHAPTER 1 PURPOSE

The Capitalization Policy shall provide all parties associated with KTHA programs with a comprehensive statement of policy and actions which will be used as the criteria for governing the control and accountability of KTHA personal property. The KTHA shall establish and maintain complete and accurate records of all real and personal property.

1-2 Definitions

- a) Real Property. Comprises all land, buildings and fixtures, materials, supplies, equipment and fixtures which are not attached to the land or buildings and are not installed in a fixed position. Real property is divided into three classes.
 - 1) Materials and Supplies. Items of property which
 - I) can only be used once,
 - II) are spent in use, or
 - III) lose their identity or become an integral part of other property when put to use.
 - 2) Expendable Equipment. Items of equipment having a useful life of less than three years and having a value of \$500 or less. The cost of such property will not be treated as a capital expenditure.
 - 3) Non-expendable Equipment. Items of equipment having a useful life of more than three years and having a value of \$500 or more. The costs of such property shall be treated as a capital expenditure with financial control maintained through appropriate accounts in the general ledger.

1-3 Inventory Records

The KTHA shall establish and maintain complete and accurate inventory records. The records will provide the following information:

- a) inventory number
- b) description of item
- c) serial/model number
- d) purchase price
- e) purchase date
- f) location of item
- g) disposal data

1-4 Annual Inventory

The KTHA shall take a physical inventory, a visual inspection, and count of all non-expendable equipment annually. The physical inventory shall be compared with

inventory records and reconciled to the property ledger accounts. Any differences between the inventory records and physical inventory shall be investigated and appropriate entries made in the records to correct or adjust the differences.

The ED is charged with the responsibility of caring for and safeguarding KTHA owned property. If the physical inventory discloses that items of equipment have been lost, stolen or destroyed, the ED shall obtain all the facts relating to each case and determine:

- a) whether the person who had custody of the property is to be held responsible, and
- b) the amount, if any, such person will be required to reimburse the KTHA.

A written statement concerning the disposition of any losses shall be provided to the HC.

Revised This _____ Day of February, 2003.

Carol Day, Secretary