

DIVERNON TOWNSHIP LIBRARY

CAPITAL ASSET POLICY

Definitions And Provisions

For the purpose of this policy, the following definitions shall apply:

Tangible Assets

Assets that can be observed by one (1) or more of the physical senses. They may be seen or touched, in some environments heard or smelled.

Fixed Assets

Tangible assets of a durable nature, generally with a useful life in excess of one (1) year, which are employed in the operating activities of the Library and that are relatively permanent in nature.

They may be termed property, plant, equipment, furniture, or fixed assets. They are usually separated into classes according to the physical characteristics of the items (Example: land, buildings, improvements, machinery, furniture, and equipment).

Some items may be identified as "Controlled Assets" that, although they do not meet all of the fixed asset criteria, are recorded within the fixed asset system to maintain a control of value, number, or location.

Capital Outlays

Expenditure which benefit both the current and future fiscal period. This includes the costs of acquiring land and structures; construction or improvements of buildings, structures, or other fixed assets; and equipment purchases having an appreciable and calculable period of usefulness. These are expenditures resulting in the acquisition of or an addition to the Library's general fixed assets.

Land

The Library will capitalize land purchases, regardless of cost. Original cost of land will include the full value given to the seller; relocation costs; legal services incidental to the purchase (including title work and opinion); appraisal and negotiation fees, surveying; and costs for site preparation for the intended purpose, such as demolishing buildings, excavating, clean-up, and/or inspection.

Buildings

The Library will capitalize all building purchases at full cost with no subcategories for tracking the cost of attachments. Examples of attachments are roofs, heating and cooling plants, plumbing, lighting, sprinkler systems, or any part of the basic building.

Capital building costs may include preparation of the land for the building, architectural and engineering fees, bond insurance fees, interest costs (while under construction), accounting costs of material, and any costs directly attributable to the construction of the building.

The Library will record any donated buildings at fair market value as of the date of transfer with any associated costs.

Buildings will be depreciated over a period of forty years.

Improvements

Improvements include improvements to and for better enjoyment, attached or not easily removed.

Examples are walks, parking areas, drives, fences, retaining walls, pools, underground sprinkler systems, and other similar items. The Library will capitalize new improvements only if the cost is equal to or greater than \$5,000.

Improvements will be depreciated over a period of twenty years.

Machinery, Furniture, and Equipment

The Library will capitalize machinery, furniture and equipment with an individual value equal to or greater than \$1,000. The Library will capitalize a group of items purchased together with a total value equal to or greater than \$5,000.

An example of a group of items would be the purchase of multiple computer systems or the purchases of several desks.

Shipping charges, consultant fees, and any other costs directly related to the acquisition or purchase such as delivery, set-up charges, software operation systems which make the equipment operable as intended may be included and capitalized as a part of the cost.

Machinery, furniture and equipment will be depreciated over a period of five to ten years.

Library Books

All acquisitions of books and other media for the Library will be not be capitalized, due to the Library consistently purchasing and disposing of materials of similar costs.

Recording and Accounting

The Library shall record acquisitions of Fixed Assets in accordance with generally accepted accounting principals. An asset register shall be maintained either in hard copy or in a computer format to record the capital assets of the Library.