



123 E. Third Street, P.O. Box 327
 Warren, IN 46792
 Phone/Fax: (260) 375-3450

Visit us at www.warren.lib.in.us
 E-mail: warrenpl@warren.lib.in.us

Capital Asset Policy

Updated May 2018; Last Updated May 2015

General Information:

This Capital Asset Policy was put into effect on January 1, 2005, and was reviewed and updated in May 2018. The policy will be used to provide accountability and to safeguard capital assets as defined herein.

Definitions of Capital Assets:

Capital assets include such items as land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, books, periodicals, audio-visual materials, works of art, and monuments.

Capitalization Threshold:

Class	Threshold
Land	Capitalize all, including legal fees and real estate taxes incurred before ownership given.
Land improvements	\$5,000
Building/building improvements	\$5,000
Infrastructure	\$5,000
Machinery and equipment	\$500
Vehicles	\$5,000
Books/periodicals/audio-visual materials	Capitalize all, gifts at fair value
Works of art/monuments	Capitalize all, gifts at fair value

Valuation of Capital Assets:

Capital assets should be recorded at actual cost. Normally, the cost recorded is the purchase price or construction costs of the asset, but also included is any other reasonable and necessary costs incurred to place the asset in its intended location and intended use, which can be directly related to the asset. Donated or contributed assets should be recorded at the fair market value on the date donated or acquired.

Asset Definitions by Major Category:

It is important to the maintenance of accurate records that each asset category be precisely defined. This section further clarifies the asset definitions by major category.

- **Land:** Specified land, easements, right of ways, lots, parcels, or acreage owned by the library or its various departments, regardless of the method (purchase or gift) of date of acquisition. The library must have the title before the item is capitalized.
- **Land Improvements:** Examples include parking lots, fencing, gates, athletic fields, and parking lot lighting.
- **Improvements Other Than Buildings:** Examples of unit assets in this category are bookcases, shelving, walks, parking areas, drives, fencing, retaining walls, fountains, planters, underground sprinkler systems, and other similar items.
- **Infrastructure:** all items such as streets, street lighting, roads, sidewalks, curbs, utility distribution systems, and storm sewers.
- **Buildings:** All permanently attached structures designed and erected to house equipment, services, or functions. This includes systems: *i.e.* plumbing, lighting, heating, cooling, elevator, *etc.*, services, and fixtures within the building, and attachments such as porches, stairs, fire escapes, canopies, lighting fixtures, flagpoles, and all other such units that serve the building.
- **Equipment:** All other types of physical property within the scope of the Capital Asset Policy not previously classified. Items such as furnishings, machinery, communicating and data storing devices, computers, books, periodicals, and similar items.
- **Vehicles:** Passenger vehicles, such as automobiles and vans, used for library business and promotion.
- **Library Material:** Library books include hard and softcover books, newspapers, periodical subscriptions, and audio-visual material (music recordings, audiobooks, video recordings). The aggregate of all books and similar materials with a useful life of more than one year, regardless of the original cost, will be considered capital assets. For accountability and safeguarding of assets an inventory will be kept. (Form 369)
- **Works of Art/Monuments:** Asset that is used for public exhibition or education. Such an item is cared for, protected, and preserved past the initial purchase.

Asset Transfers and Dispositions:

Property should not be transferred, auctioned, or discarded without prior approval of the library director. Removal of assets for any reason should be reported on the capital assets ledger.

Transfer is defined as any movement of an asset by virtue of a change in location or account. If an asset is stolen, the library director should ensure that a police report is promptly filed based upon value.

Periodic Inventories:

A physical inventory of capital assets will be conducted by the library director at least every other year. If the condition of an asset has deteriorated to the point that its use is impaired, that fact will be noted. Adjustments to the capital assets ledger based upon additions and removals will be made.