



Capital Assets

Purpose

The Nippersink Public Library District (“Library”) recognizes that capital assets represent a significant investment by taxpayers. This policy establishes consistent guidelines for the accounting, reporting, and management of capital assets to ensure transparency, fiscal responsibility, and compliance with governmental accounting standards.

Definition of Capital Assets

Capital assets are tangible or intangible assets that provide service and economic benefit for more than one fiscal year. They include land, buildings, furnishings, equipment, vehicles, and Library materials. Due to the nature of the Library’s mission, books, publications, and audiovisual materials are also considered capital assets.

Capital Asset Categories

The Library will classify capital assets under the following categories:

- Land
- Buildings
- Building Improvements
- Furniture and Equipment
- Vehicles
- Books and Library Materials
- Artwork
- Construction in Progress

Capitalization Thresholds

- Capital assets purchased or acquired with an original cost of \$5,000 or more (depending on asset class) shall be recorded at historical cost or estimated historical cost.
- Contributed or donated assets shall be recorded at their acquisition value on the date received.
- All books, publications, and audiovisual materials with a useful life exceeding one year will be capitalized regardless of purchase price.
- Repairs and improvements costing \$5,000 or more will be capitalized if they significantly extend the asset’s useful life. Routine maintenance and minor repairs will be recorded as operating expenses when incurred.

Estimated Useful Lives

“Estimated useful life” refers to the period during which an asset is expected to provide benefit to the Library. This estimate determines the allocation of asset cost over time through depreciation in the Library’s government-wide financial statements.



Capital Asset Classification	Estimated Useful Life
Land Improvements	12–20 years
Buildings and Improvements	7–40 years
Furniture	7–20 years
Equipment	3–10 years
Books and Library Materials	7 years

Recording Capital Assets

Capital assets that meet the defined thresholds will be recorded and depreciated in the Library’s government-wide financial statements.

1. **Land** – Recorded at historical cost; not depreciated.
2. **Artwork** – Recorded at historical cost; not depreciated.
3. **Construction in Progress** – Recorded at historical cost; depreciation begins once the project is completed and reclassified.

Depreciation

- Depreciation shall be calculated using the straight-line method.
- Depreciation for assets acquired during the fiscal year shall be prorated based on the month placed into service.

Disposal of Capital Assets

Library property that is no longer needed or useful may be disposed of as follows:

1. **Books and Library Materials** – May be discarded, sold, or donated to philanthropic, educational, cultural, governmental, or not-for-profit organizations.
2. **Personal Property under \$100** – May be discarded, traded in, or sold at the discretion of the Library Director (e.g., through RAILS classifieds or community boards).
3. **Surplus Property \$100–\$1,000** – May be sold or traded in with Board authorization, in accordance with the Illinois Public Library District Act.
4. **Conflict of Interest** – No favoritism shall be shown to any Trustee, employee, or immediate family member in the purchase of surplus Library items.
5. **Items Exceeding \$1,000** – Will be displayed at the Library with a public notice posted regarding availability, terms of sale, and sale date.

Oversight

The Library Director is responsible for maintaining accurate capital asset records and ensuring proper classification, depreciation, and disposal in accordance with generally accepted accounting principles (GAAP) and audit requirements.