

Dixon Public Library District

POLICY AND PROCEDURE MANUAL

POLICY TITLE: Capitalization and Depreciation of Assets
POLICY NUMBER: 5046

5046.1 The Library District shall establish and maintain uniform guidelines to ensure the consistent and accurate capitalization of all assets as required for compliance with the Library District's accounting standards and so as to be in full compliance with Federal and State law.

5046.1.1 The Library District uses the following thresholds for application of its capitalization guidelines for assets purchased or donated:

- Infrastructure Asset – all costs associated with long-lived capital assets such as pavement, curbs and gutters, sidewalks, streetlamps, sewers, etc.
- Land – all costs associated with the acquisition as well as costs incurred in preparing land for its intended use.
- Land Improvements – costs include, but are not limited to, landscaping, parking lots, and parking structures which exceed \$10,000.00.
- New Buildings – all costs associated with the purchase or construction of a facility which exceed \$10,000.00.
- Building Improvements – all costs which improve the useful life of a building, substantially change the use of the original space, or expand the total space of a building and which exceed \$10,000.00.
- Construction-in-Progress – all costs associated with any capital improvement project which is not yet completed.
- Furniture and Equipment – all costs for purchase, delivery, transportation, insurance during transit, installation and other similar costs for a single item with a purchase price greater than \$2,000.00 and which has a useful life of more than one (1) year.
- Artwork – all costs associated with the single purchase greater than \$2,000.00 at the historical or original price.
- Donated Assets – the fair market value for any single item worth more than \$2,000.00 plus any costs associated with the item's acquisition or transfer.

5046.2 The Library District shall establish and maintain uniform guidelines to ensure the consistent and accurate depreciation of all assets as required for compliance with the Library District's accounting standards and so as to be in full compliance with Federal and State law.

5046.2.1 The Library District uses the "straight-line" method for application of its depreciation guidelines for assets which are capitalized as per Section 5046.1.1. Items purchased during the first half of the fiscal year will be depreciated for one full year; items purchased in the second half of the fiscal year will not be depreciated until the following fiscal year. Constructed buildings will be depreciated beginning in the first

year in which the building is put into use.

5046.2.2 The useful life schedule for such items is shown below:

ITEM	USEFUL LIFE
Infrastructure Asset	20 to 30 years
Land	Not depreciated
Land Improvements	15 years
New Buildings	30 years
Building Improvements	10 to 20 years
Construction-in-Progress	Not depreciated
Furniture	5 years
Computer equipment and software	3 years
Machinery and equipment	3 years
Artwork	Not depreciated

Adopted 06/19/2006