# Peru Public Library
# Capital Assets Policy

## Introduction

The Capital Assets Policy outlines the capitalization thresholds and the depreciations rates of the Library's capital assets in order to protect the capital investments and to minimize future maintenance and replacement costs.

## Capital Asset Definition, Categories and Threshold

For the library's purposes, capital (fixed) assets (possessions) are property (stuff, things, material goods) used over multiple fiscal and/or accounting years with an original cost over $5,000. The library's capital assets include land, buildings, building improvements, construction, equipment, and furniture.

The Peru Public Library has the following capital asset categories

- Land (land purchase, parking lot, fences, landscaping)
- Building
- Building improvements (HVAC replacement, fire alarm, lighting, carpeting project, boiler, etc.)
- Furniture (shelving, desks, chairs, tables, etc.)
- Equipment (computers, projector, microfilm reader, electronics, phone system, copiers, etc.)
- Collection - physical (as an aggregate total)

## Estimated Useful Life (Life expectancy)

The estimated useful life of an asset is the anticipated length of time the asset is used for its original purpose. Estimated useful is not how long we actually continue to use the asset, but how long we originally hope to use the asset.

| Category | Anticipated lifetime |
|---|---|
| Land | not applicable |
| Building | 50 years |
| Building Improvements | 15 years unless otherwise stated |
| Furniture | 10 years |
| Equipment | 5 years |
| Collection - physical | 5 years |

## Inventory

The library annually inventories the capital assets (items that fall within the monetary threshold stated above). This record includes

1. Item's name
2. Estimated useful life
3. Brief description
4. Item's original cost (including shipping, legal and other associated fees)
5. Asset category
6. General/physical location within the building
7. Method of acquisition (donation or purchase)
8. Funding source
9. Notes regarding needs for repair, cleaning, replacement, etc.

## Depreciation

Over time a capital asset loses its value, it depreciates. For accounting purposes, the library uses straight-line depreciation to determine value; the cost of the item is written off equally over the item's anticipated lifetime. For example, if the anticipated lifetime is 25 years and the item cost $10,000, the depreciation is $400 per year as $10,000 ÷ 25 years = $400.

## Disposal of Capital Asset

At the end of the capital asset's useful life, the library will dispose of it based on the library's current policies and in accordance with Illinois Statutes.

## Exceptions

Exceptions may be added as needed or appropriate.

Adopted by board action 8 August 2019
Reviewed 9 October 2025