

RESOLUTION ADOPTING A CAPITAL ASSET POLICY

PURPOSE

This capital asset policy will be effective for capital assets ~~beginning~~ in 2022. The purpose of this policy is to facilitate the preparation of financial statements in conformity with generally accepted accounting principles.

CLASSIFICATION OF ASSETS

Capital assets are personal and real property used in the operations of the Worth Township Advisory Board ("Township Board") that have an expected estimated useful life beyond a single period. Capital assets are to include any item that falls into one of the following categories:

- I. Land
- II. Building and Building Improvements
- III. Improvements Other Than Buildings
- IV. Equipment

CAPITALIZATION THRESHOLDS

To be considered a capital asset for financial reporting purposes, an item (other than land) must be at or above the capitalization threshold and have a unit historical cost of \$5,000.00 or more.

The capitalization threshold for the following classes of assets shall be:

I. Land	\$ 5,000.00
II. Buildings and Building Improvements	\$ 50,000.00
III. Improvements Other Than Buildings	\$ 50,000.00
IV. Equipment	\$ 5,000.00

With regard to improvements and buildings, a capital outlay must be significant and increase capacity, increase efficiency or extend the asset's estimated useful life beyond the original expectation.

A change in capacity increases the level of service provided by the asset. A change in efficiency increases the level of service but without increasing the size of the asset or the change maintains the same level of service at a lower cost.

For example, an addition to a building provides increased square footage, hence, the capacity is increased and the capital outlay is capitalized. An extended estimated useful life involves a significant alteration, structural change or improvement.

While substantial repairs and renovations will be reviewed for potential capitalization, it is anticipated that most will be expenses in the current year. These expenses often merely

restore the asset to the original service potential but do not necessarily improve the asset.

All land is capitalized at the time of acquisition regardless of historical costs or fair value if donated.

HISTORICAL COST OR ESTIMATED HISTORICAL

COSTS PROSPECTIVE REPORTING

Capital assets are recorded at historical cost which includes any ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include, for example, transportation charges, site preparation costs, and professional fees. Engineering costs (internal and external) include related preliminary project and environmental studies; project estimating, design, and planning (drawings and specifications); and construction engineering, construction management, construction inspection and project payment. Donated capital assets are recorded at their estimated fair value at the time of acquisition.

RETROACTIVE REPORTING

When actual historical cost source data was unavailable, estimated historical cost was developed utilizing a normal costing approach. With this method of estimating historical cost, a current replacement cost was ascertained. An appropriate cost index (including Consumer Price Index and Federal Highway Price Trends) corresponding to an estimated date of acquisition/construction was then applied to 'deflate' the replacement cost to an estimated historical cost.

ESTIMATED USEFUL LIVES OF DEPRECIABLE ASSETS

Capital assets have estimated useful lives extending beyond a single reporting period (one year) and are depreciated using the straight-line method with no allowance for salvage value. The estimated useful lives currently used were developed with the input of knowledgeable staff and reflect our government's experience with these assets:

Land	Non-Depreciable
Buildings and Improvements to Buildings	50 years
Equipment	5 years

Improvements Other Than Buildings	
Paths and Trails	15 years
Parking Lots	15 years
Retaining Walls	15 years
Lighting Systems	15 years
Fencing	15 years

DEPRECIATION METHOD/CONVENTION

Depreciation will be calculated using the straight-line method and full-year convention. No salvage value or residual value will be recognized.

RETIREMENTS

Retirements apply to all capital assets including land, buildings, improvements other than buildings, and equipment.

When an asset is disposed of, scrapped, sold, subject to demolition, etc, it is to be removed from the property record and the appropriate reduction will be made to historical cost, accumulated depreciation, and net book value amounts.

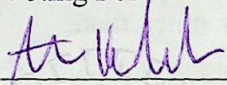
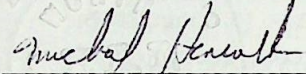
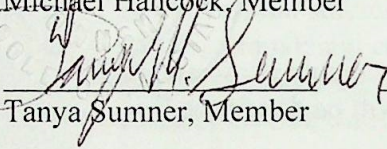
Retirements will reflect the actual historical cost of the asset when the amount is ascertainable. When historical cost is not ascertainable, an estimated historical cost will be determined.

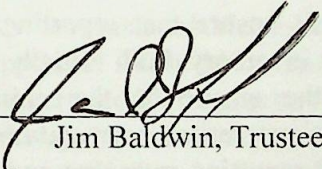
RESPONSIBILITY FOR PROPERTY RECORD MAINTENANCE

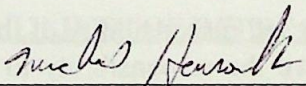
The Township Trustee will ensure that reporting for capital assets is being exercised by establishing a capital asset inventory, both initially and periodically in subsequent years. The Township Trustee will further ensure that the capital asset report will be updated annually to reflect improvements, additions, retirements, and transfers and to reflect the new annual capital asset balance for financial reporting purposes and the annual and accumulated depreciation calculations and net book value amounts.

Day-to-day stewardship of property is the expressed responsibility of the department utilizing the property. Township Board departments have the responsibility to report improvements, additions, retirements, and transfers in detail to the Township Trustee in a timely manner.

DULY PASSED AND ADOPTED this 13th day of December, 2022 by the WORTH TOWNSHIP ADVISORY BOARD.

Voting For	Voting Against	Abstain
<u></u> Andrew Heffner, President	_____	_____
<u></u> Michael Hancock, Member	_____	_____
<u></u> Tanya Sumner, Member	_____	_____

Approved this 13th day of December, 2022: 
Jim Baldwin, Trustee

Attest and Certified: 
Michael Hancock, Secretary