

TOWN FUND

CAPITAL OUTLAY

TOWN FUND BUDGET HIGHLIGHTS CAPITAL OUTLAY

The Township's Capitalization Policy has been in effect since FY 07. Capitalization sets a minimum dollar value threshold for assets that have useful lives extending beyond a single reporting period. Assets above the dollar value threshold are categorized as capital assets and depreciated over a pre-determined useful life. Depreciation is the gradual conversion of a tangible capital asset into an operational expense over the asset's estimated useful life. The Policy is set forth below:

PURPOSE

The objective of this Capitalization Policy is to comply with Generally Accepted Accounting Practices (GAAP) and comply with the Governmental Accounting Standards Board (GASB) Statement 34.

PROCEDURES

The Township Board shall periodically review the Capitalization Policy for changes or modifications.

POLICY

The Capitalization Policy is as follows:

1. **Minimum Capitalization Amounts:** The minimum capitalization amount for individual equipment is \$5,000 and for buildings and improvements is \$10,000.
2. **Maintenance:** The cost for maintenance will be expensed.
3. **Depreciation Methods:** The following depreciation methods are established:
 - Appliances – 5 years, straight line
 - Tools – 5 years, straight line
 - Equipment – 7 years, straight line
 - Vehicles – 7 years, straight line
 - Other improvements – 20 years, straight line
 - Buildings – 40 years, straight line

PROGRAM HIGHLIGHTS

In the FY 17 budget, Capital Outlay is presented as a department within Town Fund. This presentation more accurately reflects the unique quality of expenditures for capital outlay. Capital Outlay refers to unusually large expenditures that typically benefit the Township generally rather than a single department and includes: 1) capital renovations, 2) individual equipment, and 3) technology enhancements.

Capital Renovations:

In FY 16, two major capital renovation projects are planned and budgeted at a cost of \$90,000.

Project	FY 16 Budget Amount
Capital Equipment	\$10,000
Technology Enhancement	\$25,000
Capital Improvements and Renovations	\$115,000
Total Projects:	\$150,000

Capital Equipment

In FY 17, \$10,000 is budgeted for the replacement of the server located in the Senior Services building at 130 S. Oak Park Avenue.

The amount of \$10,000 has been included as an assignment in the financial statements for fiscal year ending March 31, 2016 and \$10,000 is budgeted for this replacement in FY 17.

Technology Enhancements:

Expenditures for technology enhancements are used to improve information technology systems. The development of software for a new database for Youth Services is budgeted in FY 17 for \$25,000.

The amount of \$25,000 has been included as an assignment in the financial statements for fiscal year ending March 31, 2016 and \$25,000 is budgeted for this enhancement in FY 17.

Capital Improvements and Renovations:

In FY 17, \$15,000 is budgeted for the replacement of the windows and \$100,000 for the replacement of the heating and air conditioning that are both for the 105 S. Oak Park Avenue administration building. Maintenance and energy costs for the building have increased within the past few years due to the condition and efficiency of the windows and the HVAC units that have long exceeded their useful lives.

The amount of \$115,000 has been included as an assignment in the financial statements for fiscal year ending March 31, 2016 and \$115,000 is budgeted for these improvements in FY 16.

A. GOAL: Provide for technology enhancements that increases the effectiveness and efficiency of Township communications.

Objectives:

1. Increase the effectiveness and efficiency of Township communications with an improved telephone system.
2. Achieve direct telephone connectivity between the main Township building and the Senior Services Facility.

OPERATING IMPACT OF CAPITAL OUTLAY

The new windows and heating and air conditioning units will result in greater safety and reduced energy costs for the administration employees. New windows and HVAC units will require fewer repairs, have better fuel efficiency, and have greater safety features. Overall, the Township is committed to purchasing equipment and appliances that requires less energy to operate.

TOWN FUND CAPITAL OUTLAY PERFORMANCE MEASURES

Town Fund Capital Outlay Goals and Objectives can be found in the Budget Highlights section immediately preceding this chart. Township Goals can be found in the Introduction Section, FY 16 Oak Park Township Policy Statements, Mission, Goals and Objectives, pp. 29-32.

Performance Measure	Capital Outlay Goal/Objective	Township Goal	FY 15 Actual	FY 16 Budget	FY 16 Est. Actual	FY 17 Budget
Outputs:						
# of capital renovation projects completed	A/1	Community Needs II A	0.1	2	1	2
Capital equipment purchased	A/1	Community Needs II A	0	0	0	1
Outcomes:						
% of scheduled data backup completed on time (Technology Enhancements)	B/1	Communications IV B	98%	100%	98%	100%
Year-to-year energy efficiency rating improvement due to the completion of capital projects at New Senior Facility (130 S. Oak Park Avenue)		Financial Stability III B	Yes	Yes	Yes	Yes

**TOWN FUND-CAPITAL OUTLAY
BUDGET FY 17**

		FY 15	FY 16	FY 16	FY 17
		Actual	Budget	Estimated	Budget
				Actual	
990.150	TRANSPORTATION				
902.000	Capital Furniture and Equipment	-	-	-	10,000
905.000	Vehicles	-	<u>31,500</u>	<u>31,456</u>	-
	TOTAL Transportation	-	31,500	31,456	10,000
990.950	TOWN OTHER CHARGES				
972.000	Technology Enhancements	-	17,000	16,833	25,000
978.000	Capital Improvements and Renovations	<u>5,586</u>	<u>68,663</u>	<u>9,495</u>	<u>115,000</u>
	TOTAL Town Other Charges	5,586	85,663	26,328	140,000
TOTAL TOWN FUND CAPITAL OUTLAY		5,586	117,163	57,784	150,000