

HELEN M. PLUM MEMORIAL PUBLIC LIBRARY DISTRICT

B-9. Capital Asset Policy, Adopted by the Library Board of Trustees, November 10, 2015

INTRODUCTION

Purpose

The purpose of this capital asset policy is to provide control and accountability over capital assets, and to gather and maintain information needed for the preparation of financial statements. The Helen M. Plum Memorial Public Library District (Library) capital asset policy is herein established to safeguard assets and to insure compliance with GASB34 for governmental financial reporting.

Overview

This policy is herein established to safeguard and address the Library investment in property, which comprises a significant resource. This policy is meant to ensure compliance with various accounting and financial reporting standards including Generally Accepted Accounting Principles (GAAP), and Governmental Accounting, Auditing, and Financial Reporting (GAAFR).

Further, this policy is meant to reflect the Library's desire to meet the reporting requirements set forth in the Governmental Accounting Standards Board (GASB) Statement No. 34. Specifically, the GASB Statement No. 34 states that governments should provide additional disclosures in their summary of significant accounting policies including the policy for capitalizing assets and for estimating the useful lives of those assets which is used to calculate the depreciation expense. The Statement also requires disclosure of major classes of assets, beginning and end-of-year balances, capital acquisition, sales/dispositions, and current-period depreciation expense.

INVENTORY, VALUING, CAPITALIZING, AND DEPRECIATION

Inventory

The Business Office will be responsible for control of capital assets for every department of the library. The Business Office shall ensure that such control is maintained by establishing a capital asset inventory schedule. Asset purchases, which fall below the capitalization threshold as defined in the schedule below will not be included in the capital asset inventory. The inventory schedule will include the following for each asset:

- Asset Description – A description of the asset (serial #, model#)
- Asset Classification (Land and Land Improvements, Building and Building Improvements, Vehicles, Machinery and Equipment, and Infrastructure Assets)
- Department name and physical location of asset
- Date asset was purchased/acquired and or disposed
- Cost of Asset
- Method of acquisition (purchased or donated)
- Estimated useful life

This list will be reviewed, updated, and maintained by the Business Department.

Valuing Capital Assets

Capital assets should be valued at cost or historical costs, which includes costs necessary to place the asset in its service location (i.e. freight, installation charges.) In the absence of historical costs information, a realistic estimate will be used. Donated assets will be recorded at the estimated current fair market value.

Capitalizing

When to Capitalize Assets:

Assets are capitalized at the time of acquisition and implementation. To be considered a capital asset for financial reporting purposes an individual item in a group must be at or above the capitalization threshold (see schedule-page 3) and have a useful life of at least one year.

Assets not capitalized:

Capital assets below the capitalization threshold on a unit basis but warranting “control” shall be inventoried at the department level and an appropriate list will be maintained.

Capital Assets should be capitalized if they meet the following criteria:

- Tangible
- Useful life of more than one year (benefit more than a single fiscal period)
- Cost exceeds designated threshold (see schedule-page 3)
- Improvements will enhance the assets functionality or extend the assets useful life

Capital Assets include the following major classes of assets:

Land

Construction in Progress – Includes costs related to Capital projects that at completion will be above the capitalization threshold within another capital class but the item is not completed as of the end of the fiscal year.

Land Improvements – Includes purchase price for all improvements to land including but not limited to landscaping, parking lots and sidewalks.

Building & Building Improvements- Include purchase price and all costs to get the building into operation. Improvements include structures and all other property permanently attached to, or an integral part of the structure. These costs include re-roofing, electrical, plumbing and HVAC.

Computers, Equipment & Electronics – Assets included in this category are computers, computer software, office equipment, and phone system.

Furniture and Fixtures- Assets included are library furniture, office furniture, kitchen equipment, cleaning equipment, shelves, and window blinds.

Library Books and Material- Assets included are books, magazines, microfiche, audiovisual (includes DVDs, CDs, videogames, Playaways, audiobooks, etc.), electronic books, other (includes puppets, puzzles, games, kits, etc.)

Depreciation

Depreciation is computed on a straight-line method with depreciation computed on a monthly basis from the month of acquisition utilizing the respective useful life.

Capital Assets Useful Lives are as follows:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Land	N/A	\$ 1.00
Land Improvements	10-20 years	\$ 50,000
Building & Building Improvements	20-50 years	\$ 25,000
Computers, Equipment & Electronics	3-5 years	\$ 5,000
Furniture & Fixtures	5-10 years	\$ 5,000
Library Books & Materials	7 years	\$ 1.00

OTHER

Removing Capital Assets from Inventory

Capital assets are to be removed from inventory once they are obsolete or claimed as surplus property. The item must be removed from the inventory listing and reported to the Business Department. The Board will pass an ordinance in order to declare an asset as surplus justifying its disposition and identify method of disposition.

Donations or Transfer

Each Department must report to the business department any additions and deletions from donated or transferred assets to the inventory listing.

Lost or Stolen Property

When suspected or known losses of inventoried assets occur, the Department should conduct a search for the missing property. The search should include transfer to another department, storage, scrapping, surplus property. If the missing property is not found, the department must contact the Business Department.