



Capital Asset Policy

The Woodridge Public Library adopts a capital asset policy to establish the minimum cost value (capitalization amount) that will be used to determine the capital assets recorded in Woodridge Public Library's annual financial statements. The capital asset policy is established to safeguard assets and to insure compliance with Governmental Accounting Standards Board (GASB) Statement No. 34.

This policy also addresses other considerations for recording and depreciating fixed assets in order to comply with the provisions of GASB 34.

Capital Asset Definition

Capital assets are defined as items such as land, buildings, furnishings and equipment with an estimated useful life in excess of one year.

Capital expenditures do not include (1) ordinary repairs that do not increase the value of the asset; (2) routine operating costs such as annual maintenance contracts.

Capitalization Method

All capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation and Useful Life

The Business Manager will assign an estimated useful life to all assets for the purposes of recording depreciation. Asset lives will be adjusted as necessary depending on the present condition and use of the asset, and based on how long the asset is expected to meet current service demands. Depreciation is based on the straight-line method. A retirement record will be maintained as items are withdrawn or retired. Library collections are acquired and disposed of according to the Library's Collection Development Policy.

Capital Asset Categories

The Library will use the following capital asset categories when accounting for capital assets:

Land and Land Improvements –Capitalized value is to include the purchase price plus costs such as legal and filing fees. Improvements such as excavation work, preparation of land for construction, landscaping, parking lots, and fences.

Building and Building Improvements – Costs include purchase price plus costs such as legal and filing fees. Improvements include structures and all other property permanently attached to, or an integral part of the structure. These costs include re-roofing, electrical/plumbing, carpet replacement, and HVAC.

Furniture, Fixtures & Equipment (FF&E) - Assets included in this category are heavy equipment, generators, office equipment, phone system, office equipment, furniture, and fixtures.

Books and Materials – Books and Material assets are comprised of physical material for use by library patrons. All physical library material is capitalized as a single addition as opposed to individual purchases and therefore no minimum threshold is established.

<u>Category</u>	<u>Estimated Useful Life</u>	<u>Capitalization Threshold</u>
Land and land improvements	Not depreciated	\$1.00
Building and building improvements	10 – 50 years	\$50,000
Furniture, fixtures & equipment (FF&E)	5 – 20 years	\$10,000
Books & Materials	7 years	No threshold

Recording Capital Assets

The Business Office shall ensure that control of capital assets is maintained by establishing a capital asset inventory schedule. 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, Furniture, Fixtures & Equipment, and Books & Material)
- Department name and physical location of each asset
- Date asset was purchased/acquired and/or disposed
- Cost of asset
- Method of acquisition (purchased or donated)
- Estimated useful life

Physical assets such as furnishings and equipment are assigned an asset number and identified with a fixed asset tag.

Valuing Capital Assets

Capital assets should be valued at cost or historical costs, plus those costs necessary to place the asset in its 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. To be considered a capital asset for financial reporting

purposes an item must be at or above the capitalization threshold and have a useful life of at least one year.

Assets not Capitalized

Assets below the capitalization threshold on a unit basis and above \$500 but warranting “control” shall be inventoried and an appropriate list will be maintained. These items include some computer equipment and maintenance equipment, and any other assets specified by the Library Director. When large purchases of said items do meet the threshold as a group purchase of like items, they are recorded for depreciation. The Library does capitalize the collection (i.e. books, publications and audiovisual materials).

Removing Capital Assets from Inventory

Capital assets are to be removed from inventory once they are obsolete or claimed as surplus property.

Lost or Stolen Property

When suspected or known losses of inventoried assets occur, the Library should conduct a search for the missing property. If the missing property is not found, the department must contact the Business Office.

Library staff shall develop such rules and procedures as are necessary to ensure compliance with the Capital Asset Policy

Approved by the Woodridge Public Library Board of Trustees on 11/20/2019