



CAPITAL ASSET POLICY

This policy is established to safeguard assets and ensure compliance with Governmental Accounting Standards Board (GASB) Statement No. 34. 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.

1. REQUIREMENTS

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 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 acquisitions, sales/dispositions, and current period depreciation expense.

2. CAPITAL ASSET DEFINITION

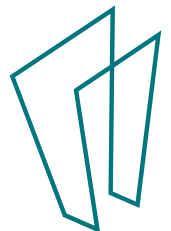
Capital assets are defined as items such as land, buildings, furnishings and equipment with an estimated useful life in excess of one year and which must be at or above the capitalization threshold set forth herein. Capital expenditures do not include ordinary repairs that do not increase the value of the asset or routine operating costs such as annual maintenance contracts.

3. INVENTORY

The Business Office will be responsible for the control of capital assets, except for computer equipment, which will be under the control of the Information Technology (IT) department. The Business Office shall ensure that such control is maintained by establishing an inclusive capital asset inventory schedule. Asset purchases that fall below the capitalization threshold will not be included in the capital asset inventory.

The Finance Manager will maintain a capital asset inventory schedule. The inventory schedule will include the following for each asset:

- Asset Description – a description of the asset
- Asset Classification (Land and Land Improvements, Building and Building Improvements, Vehicles, Equipment, Furniture & Fixtures, and Books & Materials)
- Department name and physical location of asset
- Date asset was purchased/acquired, and/or disposed
- Cost of asset



- Acquisition method (purchased/donated)
- Estimated useful life

4. CAPITAL ASSET VALUATION

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

5. CAPITALIZATION

5.1 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.

5.2 ASSETS NOT CAPITALIZED

Assets with a lifespan of longer than a year, but below the capitalization threshold and considered a theft risk shall be inventoried (i.e. laptops, computers, printers). Such inventory shall be managed by the IT Department.

5.3 CAPITAL ASSET CATEGORIES

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.

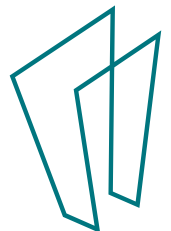
Building, Building Improvements & Machinery – Costs include purchase price plus costs such as legal and filing fees. Improvements include structures and all other property permanently attached to, or an integral part of the structure. These costs include re-roofing, electrical/plumbing, carpet replacement,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

Vehicles – Costs include purchase price plus costs such as title and registration.

Furniture, Fixtures & Equipment (FF&E) – Assets included in this category are furniture, office and computer equipment, larger equipment (i.e. snow blower/generator), and phone system.

Books and Materials – Assets are comprised of physical material for use by library patrons. All physical library material is capitalized as a single annual addition therefore no minimum threshold is established.

5.4 CAPITAL ASSET ESTIMATED USEFUL LIFE AND THRESHOLD AMOUNT



CATEGORY	ESTIMATED USEFUL LIFE	CAPITALIZATION THRESHOLD
Land	not depreciated	\$1.00
Land Improvements	20 years	\$10,000.00
Buildings	40 years	\$25,000.00
Building Improvements	20 years	\$25,000.00
Vehicles	10 years	no threshold
Furniture, Fixtures & Equipment	10 years	\$5,000.00
Computer Equipment	5 years	\$5,000.00
Books and Materials	7 years	no threshold

5.5 DEPRECIATION

The Finance Manager will assign an estimated useful life to all assets for the purposes of recording depreciation. Depreciation is based on the straight-line method.

6. CAPITAL ASSET REMOVAL

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

6.1 SURPLUS PROPERTY

The item will be removed from the inventory list and should be disposed of per the library's Finance Policy, Section 4 Disposal of Property.

The library shall use its best efforts to maximize the value received for the assets, taking into consideration monetary and non-monetary factors, including but not limited to: the library's mission and values, the cost of sale and the goodwill of the library.

6.2 LOST OR STOLEN PROPERTY

If an inventoried item is missing, a search for the item should be conducted. If the missing property is not found, the Business Office should be notified of the loss so the item may be taken off the Capital Asset listing.

Adopted by the Skokie Public Library Board of Trustees, December 8, 2021

