

CAPITAL ASSETS

POLICY

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 Antioch Public Library District 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 Antioch Public Library District 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 Antioch Public Library District'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 IT Department is responsible for the control of all electronic equipment assets, regardless of location. It shall ensure control is maintained by establishing an inclusive capital asset inventory schedule for all computers & accessories, printers, scanners & other electronic equipment, hubs & wireless components and server room items.

For each asset purchased, the IT Department Head will complete a New Inventory Item Form, assign an asset number and add it to the IT Inventory Database. It will be maintained, updated, and reviewed by the IT Department on an ongoing basis.

Responsibility for control of all other capital assets will rest with the operating department wherein the asset is located. The Business Office shall ensure that such control is maintained by establishing an inclusive capital asset inventory schedule, which will be referred to as the Furniture Inventory.

For each asset purchased, the Department Head shall submit a completed New Inventory Item Form to the Business Office, who assigns it an asset number before adding it to the Furniture

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Inventory. The Furniture Inventory will be maintained, updated, and reviewed by the Business Office on an ongoing basis. On an annual basis, the Business Office will provide a list of assets for each department to the Department Head, who will be responsible for confirming its accuracy.

The capital asset inventory schedules will include the following for each asset:

- Asset Description – A description of the asset (serial #, model#, manufacturer, vendor)
- Asset Classification (Furniture, Equipment, etc.)
- 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

Asset purchases, which fall below the capitalization threshold, will not be included in the capital asset inventory.

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 (see schedule-page 3 & 4) and have a useful life of at least one year.

Assets not Capitalized:

Capital assets below the capitalization threshold (see schedule-page 3 & 4) 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 & 4)

Capital Assets include the following major classes of assets:

Land and Inexhaustible Land Improvements – Capitalized value is to include the purchases price plus costs such as legal fees and filing fees; improvements such as excavation work, preparation of land for construction, landscaping.

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Land Improvements – Capitalized value is to include the purchase price plus costs such as legal fees and filing fees; improvements such as parking lots, fences, pedestrian bridges.

Building and Building Improvements – Costs include purchase price plus costs such as legal fees 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, flooring, carpet or tile replacement, security, sprinkler and fire alarm systems, and HVAC.

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

Furniture and Equipment – Assets included in this category are heavy equipment, generators, office furniture, public furniture, art and sculptures, shelving, servers, office equipment, phone system, and kitchen equipment.

Library Materials – Assets included in this category are print and non-print materials in the Library collection, including: books, CDs, DVDs, videogames, Library of Things, etc.

Infrastructure Assets – Infrastructure Assets are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

Depreciation

Depreciation is computed on a straight-line method with depreciation computed on a monthly basis from the month of acquisition. Additions and improvements will only be capitalized if the cost either enhances the asset's functionality or extends the asset's useful life.

Projects in process will be added to the asset base as the projected expenses are incurred. However, the project will first need to meet its individual threshold.

Capital Assets Useful Lives are as follows:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>	<u>Inventory Threshold</u>
Land (and Inexhaustible Land Improvements)	N/A	\$ 25	\$ 25
Land Improvements	15	10,000	25
Buildings	50	50,000	25
Building Improvements	10	2,000	25

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Vehicles	10	2,000	25
(contd.)	<u>Useful</u> <u>Life</u>	<u>Capitalization</u> <u>Threshold</u>	<u>Inventory</u> <u>Threshold</u>
Furniture & Equipment	5-10	2,000	25
Library Materials	5-15	2,000	25
Infrastructure	50	250,000	25

OTHER

Removing Capital Assets from Inventory

Capital assets are to be removed from inventory once they are obsolete or claimed as surplus property. Assets controlled by the IT Department will be removed from the IT capital asset inventory schedule by the Department Head. All other assets to be removed must be reported to the Business Office, who will remove it from the Furniture Inventory schedule.

Donations or Transfer

Each Department must report additions and deletions from donated or transferred assets to the Business Office or IT Department, depending on the asset.

Surplus Property

Each Department must report all capital assets classified as surplus to the finance department. The Antioch Public Library District will have an auction or sealed bid as needed to sell the surplus property.

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 Office or IT Department, depending on the asset.

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