Capital Asset Policy

Purpose
The purpose of this Capital Asset Policy is to provide control and accountability over assets, and to gather and maintain information needed for the preparation of financial statements. The Joliet Public Library Capital Asset Policy is established to safeguard assets and to insure compliance with GASB34 for governmental financial reporting.

Overview
This policy is established to safeguard and address the Library's 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
Responsibility for control of capital assets will rest with the operating department, wherein the asset is located, and the Business Office. The Business Office shall ensure that such control is maintained by establishing an inclusive capital asset inventory schedule. Asset purchases, which fall below the capitalization threshold, will not be included in the capital asset inventory.

The Business Office-will be responsible for control of capital assets for the Library. The Business Office shall ensure that such control 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 number, model)

- Asset Classification – category such as Land and Land Improvements, Building and Building Improvements, Vehicles, Furniture, Fixtures, and Equipment, Library Materials, Maintenance 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

The list will be maintained and updated by the Business Office.

Valuing Capital Assets
Capital assets should be valued at cost or historical costs, plus those costs necessary to place the asset in its location (freight, installation charges). In the absence of historical cost information, a realistic estimate will be used. Donated assets will be recorded at estimated 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, but warranting control, will be inventoried by the Business Office 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

Capital Assets are classified into one of the following groups:

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

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, carpet replacement, and HVAC.

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

Furniture, Fixtures, and Equipment – Assets included in this category are office furniture, office equipment, phone system, kitchen equipment and shelving.

Library Materials – Library materials include all items that are checked-out to the public, artwork, reference materials, and items used by staff only.

Maintenance Equipment – Assets included in this category are maintenance equipment and generators.

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.

Category	**Life**	**$ Thresholds**
Land	N/A	$1
Buildings	45 Years	$50,000
Building Improvements	10-30 Years	$50,000
Vehicles	7 Years	$10,000
Furniture, Fixtures, and Equipment	5-20 Years	$5,000
Library Materials	10 Years	$5,000

Removing Capital Assets from Inventory

Capital assets are to be removed from inventory once they are obsolete or designated as surplus property. The inventory change must be reported to the Business Office.

Donations or Transfers

The Business Office must update additions and deletions from donated or transferred assets to the inventory listing.

Surplus Property

All capital assets classified as surplus must be reported to the Business Office.

Lost or Stolen Property
When suspected or known losses of inventoried assets occur, the Business Office, in collaboration with the proper Manager, should conduct a search for the missing property. The search should include transfer to another department, storage, scrapping, or classified as surplus property. If the missing property is not found, the Manager must contact the Business Office.