



WESTMONT PUBLIC LIBRARY

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westmontlibrary.org

Providing the community with the keys to lifelong learning.

Capital Asset Policy

Purpose

The Capital Asset Policy outlines the capitalization thresholds and the depreciation rates of the Westmont Public Library's capital assets to facilitate the accounting for capital assets, maintain fiduciary responsibility for these assets, and help anticipate future expenditure needs.

Definitions

A "Capital Asset" is defined as a unit of property that 1) has an economic useful life that extends beyond 12 months; and 2) was acquired or produced for a cost of \$5,000 or more. Capital assets include land, buildings, improvements, vehicles, equipment, and individual library material with a cost of more than \$5,000.

"Useful life" means the estimated number of years that an asset will be used for the purpose for which it was acquired.

"Depreciation" is the process of allocating the cost of tangible asset over a period of time, rather than deducting the cost as an expense in the year of acquisition.

Capitalization method and procedure

Unless otherwise required by state or federal law or regulation, useful lifetimes and annual depreciation rates for various classes or capital assets and non-capitalized equipment shall be based on the following schedule: GASB's Universal Coding chart for recording property and fixed asset appraisals. The Westmont Public Library's assets that meet the minimum capitalization threshold are recorded at historical cost as of the date acquired and depreciated over their estimated useful lives in straight-line method.

Any item costing below the threshold amount or with a useful life of 12 months or less are recorded as an expense for financial statements. The Library collection will be recorded and reported for insurance purposes only but will not be capitalized.

Inventory Records

The Westmont Public Library will record and inventory capital assets on an annual basis. Records will include asset category, brief description, purchase price, date of acquisition, and life expectancy.