



ECKHART PUBLIC
LIBRARY

Capital Assets Policy

*Capital Assets Policy and Resolution to Establish
a Capital Assets Threshold approved by Board of Trustees, September 19, 2019
Revised July 14, 2021*

The Eckhart Public Library is committed to safeguarding its investment in capital assets and demonstrating accountability to citizens, oversight bodies, and regulators.

Definitions

“Fixed Assets” are tangible assets of a durable nature employed in the operating activities of the Library, are relatively permanent, and are needed to produce services. Fixed assets are separated into classes according to the physical characteristics of the items (e.g. land, buildings, improvements other than buildings, and machinery, furniture and equipment).

“Capital Outlays” are expenditures which benefit both the current and future fiscal periods and result in the acquisition of or addition to the Library’s general fixed assets. This includes costs of acquiring land or structures; construction or improvement of buildings, structures or other fixed assets; and equipment purchases having an appreciable and calculable period of usefulness. Other items that may be included: works of art, artifacts, memorabilia, rare documents, books, and photographic, audio and video recordings.

Library Capital Assets

Historical Costs. The Library will add to the capital assets inventory the cash equivalent price for exchanged goods or services at the date of acquisition. Normally, the cost recorded is the purchase price or construction costs of the asset, but also included is any other reasonable and necessary costs incurred to place the asset in its intended location and intended use, which can be directly related to the asset. Donated or contributed assets should be recorded at fair market value on the date donated or acquired.

Depreciation Method. Library capital assets are added to the Capital Asset Inventory and depreciated using straight-line depreciation as specified below.

Land. The Library will capitalize all land purchases (land, easements, rights of way, lots, parcels, or acreage owned by the Library), regardless of method of acquisition (purchase or gift), cost, including legal fees and real estate taxes incurred. The Library must have the title before the item is capitalized. Land assets are not depreciated.

Machinery, Furniture and Equipment. The Library will capitalize machinery, furniture and equipment, including fixed or moveable personal property to be used for operations which have a life of greater than one year and with an individual value of \$5,000 or more. Vehicles will be depreciated over ten years. All other machinery, furniture and equipment will be depreciated over five years.

Buildings. The Library will capitalize buildings (all permanent structures designed and erected to house equipment, services, or functions), valued at \$50,000 or more, at full cost, including the roof, heating, cooling, plumbing, lighting and sprinkler systems, and any part of the basic building, and any other item designed or purchased exclusively for the building. Capital building costs will also include preparation of land for a building, architectural and engineering fees, bond issuance fees, interest costs (while under construction), accounting costs if material, and any costs directly attributable in the construction of a building. The depreciation period will be 50 years.

Improvements Other Than Buildings. The Library will capitalize improvements to land, valued at \$50,000 or more, which are attached or not easily removed, and which have a life expectancy of greater than five years, including sidewalks, parking areas and drives, fencing, gates, retaining walls, planters, underground sprinkler systems, fountains, parking lot lighting, and other similar items. The depreciation period will be 20 years.

Books and Other Library Materials. The Library will capitalize all purchases of books, newspapers, periodical subscriptions, and audio-visual materials, with no minimum threshold. The depreciation period will be five years.

Works of Art and Historical Treasures. The Library will capitalize works of art and historical treasures at historical cost, where possible, or at appraised value. These items will not be depreciated.

Recording and Accounting

The cost of property, buildings, and equipment includes all expenditures necessary to put the asset into position and ready for use. For purposes of recording fixed assets of the Library, the valuation of assets shall be based on historical cost or, where the historical cost is indeterminable, by estimation for those assets in existence.

The Library shall record acquisition of fixed assets in accordance with generally accepted accounting principles. When an asset is purchased for cash, the acquisition is simply recorded at the moment of cash paid, including all outlays relating to its purchase and preparation for intended use. Assets may be acquired under a number of other arrangements including assets acquired for a lump-sum purchase price, self-construction, or by donation.

The Library maintains an asset register to provide a detailed record.

Removal of Capital Assets

Property may not be transferred, auctioned, or discarded without prior approval of the Executive Director. Removal of assets for any reason should be reported on the capital assets ledger.

The Library may sell, exchange, or otherwise dispose of capital assets in accordance with Indiana Code 36-1-11.

Safeguarding Assets

The Library's accounting controls are designed and implemented to provide reasonable assurances that:

1. Capital expenditures made by the Library are in accordance with the Library Board's authorization as documented in the Purchasing Policy.
2. Adequate detailed records are maintained to assure accountability for Library assets.

3. The recorded accountability for assets is compared with the existing assets at least every two years.

See also Materiality Policy.