

Capital Asset Policy

Policy Statement

The Rochester Hills Public Library ("Library") has established a capital asset policy to provide accountability and safeguard capital assets owned by the library. Capital assets are those used in daily operations and have an estimated useful life of two or more years.

Regulations

1. The Board of Trustees confirms a monetary threshold for capitalizing assets in the Financial Guidelines to determine whether a given asset should be reported on the Library's balance sheet.
2. The Library Director is responsible for the overall management of the capitalization procedures and ensures a strong internal controls environment.
3. Capital assets will be recorded at actual cost and include all ancillary costs, such as shipping, professional services that can be directly related to the asset.
4. In compliance with Governmental Accounting Standards Board Statement 34 (GASB 34), the library's material collection – the aggregate of all books, CDs, DVDs, and other materials with a useful life of more than two years – regardless of the original cost of individual items, will be considered a capital asset.
5. Donated or grant-contributed items are assigned values for accounting and asset management purposes. Donated items or contributed assets should be recorded at their fair market value on the date donated or acquired.
 - A. Items donated for the materials collection are handled differently than other assets. *(See MGT-5 Gifts and Donations Policy.)*
6. Estimation of useful life for capital assets is based on the Library's past experience, industry standards, and warranty expirations. Useful life is defined for each asset class as follows:

Category	Useful Life
Land	Not Depreciated
Buildings and Improvements	30-40 years
Improvements Other Than Buildings	5-40 years
Appliances	12 years
Furniture, Fixtures	5-8 Years
Electronic/Other Equipment	3-10 years
Computer/Electronic/Small Equipment	3-5 years

Vehicles	5-10 years
Materials Collections	4 years

7. For assets under construction, costs will be accumulated in a Construction in Progress account and will be reported as such on financial statements.
8. Capital assets will be assigned a property number and records will be maintained that include identifying information and location.
9. An inventory of capital assets will be conducted by the Library Accountant/HR Coordinator at least every other year as practical to fiscal year-end.
10. The Library will evaluate prominent events or changes in circumstances on an annual basis to determine whether an impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both a) the decline in service utility of the asset is large in magnitude and b) the event or change in circumstance is outside the normal life cycle of the capital asset. If a library asset is determined to be impaired, the loss/gain, separate from any insurance recoveries, will be recorded and reported on the Library's financial statements as indicated by GASB 42 (Governmental Accounting Standards Board Statement 42).
11. Capital assets shall not be transferred or decommissioned, disposed of, or destroyed without prior approval of the library director. Decommissioned items with any remaining useful life will be transferred to the Friends of RHPL for public sale, offered for public sale as part of a library sale (separate from the Friends of RHPL), or offered as donated assets to other libraries and/or local organizations.
12. In the event that a capital asset is suspected stolen, staff members should notify the library director and file a police report.

Approved: September 19, 2022

Rochester Hills Public Library Board of Trustees