



AURORA
Public Library District

Aurora Public Library District Capital Asset 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 Aurora Public Library District's capital asset policy is herein established to safeguard assets and to ensure compliance with GASB34 for governmental financial reporting.

Overview

This policy is meant to reflect the Aurora 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 are used to calculate the depreciation expense.

INVENTORY, VALUING, CAPITALIZING, AND DEPRECIATION

Inventory

Responsibility for control of capital assets will rest with the operating department wherein the asset is located. The Finance Manager 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.

Each Department Manager will be responsible for control of capital assets for their department. The Finance Manager 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 #, model#)
- Asset Classification (Land and Land Improvements, Building and Building Improvements, Vehicles, Machinery and 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

This list will be maintained, updated, and reviewed by the appropriate Department Managers, and given to the Finance Manager on an ongoing basis.

Valuing Capital Assets

Capital assets should be valued at cost/purchase price, plus any costs necessary to place the asset in its location, or prepare the asset for use (i.e. freight, installation charges.) In the absence of cost 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) and have a useful life of at least one year.

Assets not Capitalized:

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

Capital Assets include the following major classes of assets:

Buildings and 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.

Machinery and Equipment – Assets included in this category are heavy equipment, recreational equipment, generators, office equipment, phone system, and kitchen equipment.

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

Depreciation

Depreciation is computed on a straight-line method with depreciation computed on a yearly basis starting in the fiscal year after the asset was purchased. For example, an asset purchased in April would not be depreciated for that fiscal year and would instead incur its first year depreciation beginning the subsequent fiscal year period starting in July and ending

in June. 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>
Building and Improvements		50,000
Buildings	40	
HVAC	20	
Re-Roofing	20	
Electrical/Plumbing	20	
Carpet Replacement	10	
Vehicles		50,000
Vehicles – Bookmobile	12	
Vehicles – General	12	
Vans	12	
Machinery and Equipment		50,000
Heavy Equipment	15	
Generators	10	

OTHER

Removing Capital Assets from Inventory

Capital assets are to be removed from inventory once they are obsolete or claimed as surplus property. The item must be removed from the department inventory listing and reported to the Finance Department.

Donations or Transfer

Each Department must add additions and deletions from donated or transferred assets to the inventory listing.

Surplus Property

Each Department must report all capital assets classified as surplus to the finance department. The Aurora 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 Finance Department.

Approved by the Aurora Public Library District Board of Library Trustees
June 25, 2025