

## **Brookfield Public Library Capital Asset Policy**

Effective Date: 05/28/2014

Reviewed and Approved: 07/27/2016

### **General Fixed Assets**

The Library shall endeavor to provide for adequate maintenance and replacement of capital assets. The Library will strive to maintain all its assets at a level adequate to protect the Library's capital investment and to minimize future maintenance and replacement costs.

General fixed assets are those capital assets which are acquired or constructed through governmental fund resources. As a result of GASB 34 pronouncement, these assets that meet the minimum capitalization threshold are capitalized and depreciated over their estimated useful lives. Depreciation is computed using the straight-line method. Depreciation expense is recorded in full-year increments with a full-year being recorded in the year of acquisition, regardless of the actual date of purchase.

The cost of land is also now being recorded as an asset even though land is not depreciable. The land category also includes land for retention/detention ponds and land under the streets which is referred to as right-of-way. The cost of retention/detention ponds and right-of-way are based on price of the cash land ordinance unless an actual cost can be attained. The cost of a land purchase is based on the actual price.

**Additions** - Subject to the capitalization threshold established below, the Administrative Department bears the responsibility for recording new additions of fixed assets. Additions will primarily be substantiated through paid invoice files and will be reviewed and updated on an annual basis (or as additions are procured).

**Deletions** - The responsibility for reporting the disposal or sale of assets rests with the library department that maintains control over the asset. Once annually, shortly following the end of the fiscal year, the Administrative Department will request each of the Library departments to provide a listing of assets which were disposed of during the year so that they may be removed from the accounting records.

**Transfers** - Assets transferred from one department to another should be reported by the department who is initiating the transfer.

**Capitalization Limit** - The Library records all capital items whose individual acquisition cost exceeds \$5,000.00 and has an estimated useful life of greater than one year, as fixed assets.

**Maintenance and Repair** - The costs associated with general maintenance and repair that do not add value to the asset or materially extend the asset's useful life are expensed in the period incurred rather than being capitalized. Major repairs and/or rehabilitation which materially extend the useful life of an asset are capitalized and in the case of proprietary funds, depreciated over the remaining useful life of the related asset.

The Library utilizes the following schedule to classify fixed assets:

<b>Asset Class</b>	<b>Estimated Useful Life</b>
Vehicles	10 years
Buildings	40 years
Machinery & Equipment	10 years