

Pentwater Township Library

Capital Assets Policy

Purpose: This policy is being established to set criteria for the capitalization of various types of fixed or tangible assets to meet the provisions of Governmental Accounting Standards Board No. 34 (GASB 34).

Definitions: Capitalized items are furniture, equipment, improvements, buildings, or other assets, which have a life expectancy of more than a year, and when purchased have an individual price in excess of \$2500. Capitalized items will also include the Library's collection of books that have a life expectancy of more than a year, regardless of price.

Policy: Assets are defined as any items of value of \$2500 or more acquired by the Library. This could include land, buildings, art works, historical materials, or anything else of significant monetary value.

Library collections, and all additions to that collection, of governmental entities are not required to be capitalized whether donated or purchased that meet certain conditions. However, in accordance with recommended best practices of the Government Finance Officers Association, the Library considers that by not capitalizing the collection of books and other circulating materials would be an omission of an entire class of assets. Therefore, the Library has opted to capitalize its collection of books and other circulating materials.

The Library will establish an accounting or record-keeping system that identifies all assets subject to GASB 34. The records will be updated annually and made available to the auditors.

Depreciation will be recorded using the straight-line depreciation method over the useful life of the asset. All capitalized assets will be listed with their description, date of acquisition, acquisition cost, useful life, and residual or salvage value.

In cases where no purchase price can be obtained (historical treasures, works of art, and other similar valuables), a value and useful life will be assigned by the Library Director or his/her designee. This value shall be the estimated fair market value. Every attempt, within reason, will be made to determine the actual value of the item in question, before the value is recorded.

Date Adopted: 2022 .1.18

Signed: _____
Joan T. LundBorg, Board Secretary