



OTSEGO DISTRICT PUBLIC LIBRARY

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Capital Assets Policy *Adopted 4/17/2023*

Capital assets are to be capitalized only if they have estimated useful lives of at least two years following the date of acquisition.

Capital asset value threshold for capitalization are to be applied to individual capital assets rather than to groups of similar capital assets.

Capital assets to be capitalized must have an initial value of \$1,000 or more.

Value estimates of capital assets required to be reported, but for which no historical documentation is available due to past accounting practices, shall be reviewed by the library's auditor in accordance with the State of Michigan and GASB requirements.

Maintenance costs to capital assets are to be treated as an annual operating expense.

Additions, improvements and preservation costs of \$1,000 or more to individual capital assets are to be capitalized. Depreciation shall be computed using the straight-line method over the estimated useful life of the capital asset. In recognition of record keeping constraints which include manpower and computer software limitations, assets are to be depreciated during their initial year of ownership in accordance with the following practices placed in order of preference:

- Depreciation based on the number of months new assets are owned, or
- Twelve (12) months of depreciation for new assets purchased during the first six (6) fiscal periods and six months of depreciation for new assets purchased within the last six (6) fiscal periods, or
- Twelve (12) months of depreciation for new assets, regardless of date purchased.

The following table identifying classes of capital assets, their expected useful lives in years and expected salvage values is to be used for depreciation and scheduling of asset replacement purposes. All assets purchased prior to the implementation of this policy shall continue to depreciate according to past practices.

<u>CLASSIFICATION DESCRIPTION</u>	<u>EXPECTED USEFUL LIVES (YEARS)</u>	<u>SALVAGE VALUE (PERCENT)</u>
LAND		
Land	N/A	100
BUILDINGS		
Brick & Mortar or Frame Construction	50	20

BUILDING COMPONENTS & IMPROVEMENTS

Electrical/Plumbing	20	0
Elevators	20	0
Floor Covering Replacement		
- Carpet	10	0
- Tile	15	0
Heating and Cooling	20	0
Interior Construction	15	0
Interior Renovation (including ceilings)	10	0
Roofing	20	0
Security Systems	10	0
Sprinkler/Fire Suppression Systems	25	0

FURNITURE & EQUIPMENT

Appliances	10	0
Audio Visual Equipment	7	0
Business Machines (facsimile & copier)	5	0
Office Furniture	20	0
Communication (radio & telephone systems)	10	0
Computer Hardware	5	0
Computer Software - Administrative	5	0

Existing capital assets less than the \$1,000 threshold shall be removed from the capital asset schedule when fully depreciated.

Capital assets originally valued at \$1,000 or more which are fully depreciated shall continue to be held on the capital asset schedule until they are sold or otherwise retired.

Surplus/Obsolete Items

Upon determination by the Otsego District Public Library Director that stocks of supplies, materials, or equipment is no longer used or has become obsolete or worn out, the Otsego District Public Library Director shall have the authority to dispose of, sell, or trade items with individual depreciated value of less than \$2,000 without approval of the Otsego District Public Library Board. Whenever possible, property which is no longer useful to the Otsego District Library will be sold. Otsego District Public Library staff and board members may purchase property at the listed price.