



**HAMILTON EAST
PUBLIC LIBRARY**

CAPITAL ASSETS POLICY

In accordance with the State Board of Accounts Accounting and Uniform Compliance Guidelines, Hamilton East Public Library (HEPL) hereby establishes a policy that provides for recording of capital assets. A Capital Assets Ledger will record an item’s description, type of asset, location, date of purchase, acquisition cost, estimated life, tag or serial number, date of disposal, and amount received on disposal.

Capital Asset Definition

Capital assets are defined as land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single report period.

Capitalization Threshold

HEPL establishes the following minimum capitalization thresholds for assets which is to be applied on an individual or per item basis, unless the effect of doing so would be to eliminate a significant portion of total capital assets.

Land	\$1
Buildings	\$10,000
Improvements other than buildings	\$10,000
Furnishings, Machinery & Equipment	\$10,000
Infrastructure	\$10,000
Construction in Progress	\$10,000
Other	\$10,000

Included in the “Other” category are items such as collections of library materials. Anything originally purchased for or currently valued at \$10,000 or more will be listed on the library’s Capital Assets Ledger.

Capitalization Method

Capital assets are recorded at cost as of the date acquired. If cost information is not available, assets are to be recorded by calculating current replacement cost. Relevant historical documents may be used in determining fair value.



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Depreciation and Useful Life

In accordance with the State Board of Accounts, a “Depreciable/Amortizable Lives” schedule will be applied to all capital assets with the exception of land, works of art and construction in process. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Individual assets are depreciated on a straight-line basis beginning the year after being placed into service.

In the case of the library materials collection, defined collectively and listed as a single asset, a composite method of depreciation will be applied on an annual basis with the average useful life set at five years.

Internal Control

As required by the Indiana State Board of Accounts, a physical inventory is to be performed comparing the asset listing to actual items, ensuring the inventory is accurate and that assets have not been removed without authorization. Inventory results should be completed by January 31st of each year.

Donated Assets

Donated assets must be capitalized at market value as of the date of donation. Market value is defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty.

Retirement of Assets

Asset retirements must be recorded including accounting for any money received. Documentation of the asset retirement should be retained.

Construction in Progress

Capital expenditures incurred with constructing or developing a tangible or intangible capital asset before it is substantially ready to be placed into services is categorized as Construction in Progress. Once the asset is complete and placed into service the asset will be reclassified into the appropriate capital asset category. Until the asset is placed into service no depreciation expense will be incurred.

Approved by Hamilton East Public Library Board of Trustees— January 2020; revised January 2022