



Fruitport District Library

Capitalization of Capital Assets Policy

Purpose.

The purpose of this policy is to clearly define a capital asset by class and corresponding significant value.

General Terms and Conditions.

A capital asset is a piece of property that meets all of the following requirements:

- a. The asset is tangible and complete.
- b. The asset is used in the operation of the Fruitport District Library.
- c. The asset has a useful life of longer than the current fiscal year.
- d. The asset is of significant value.

<u>Class of Capital Asset</u>	<u>Significant Value</u>
Books, Audio, Furniture and Equipment	\$ 5,000 or more
Buildings and Building Improvements	\$10,000 or more
Land Improvements	\$20,000 or more

Material items of property and equipment are capitalized based on the threshold of significant value. Lesser amounts are expensed. Purchased property and equipment is capitalized at the initial cost plus related expense to place the asset in operation. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Fruitport District Library reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Fruitport District Library reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Books, Audio, Furniture and Equipment.

Due to the complex nature of library service and the constant circulation of material that comprise the collection, an accurate inventory of that collection is difficult to represent. For that reason, the collection will be reported on a composite basis. The composite basis records net additions and deletions to reflect an overall increase or decrease in the value of the collection.

Audit, furniture and equipment includes all personal property that is not permanently attached to land or buildings and has a useful life beyond one year.

Buildings.

Buildings will be recorded at either their acquisition cost or construction cost. If a building is acquired by purchase, the capitalized cost should include the purchase price and other incidental expenses at the time of acquisition.

If a building is constructed, the capitalized cost should include all construction costs. The constructed building will be capitalized upon completion of the project.

Building Improvements.



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Any major renovations or alterations within an existing building will be added to the cost of the original building. These renovations or alternations will be depreciated separately over the remaining life of the building or structure.

Land Improvements.

Land improvements will be categorized as construction of parking lots, outdoor lighting, fences and hardscapes, etc. Land improvements will be depreciated over their estimated useful lives.

Land is not depreciable.

Depreciation Policy.

Property and equipment are depreciated using the straight line method over the following schedule:

<u>Property and Equipment</u>	<u>Schedule</u>
Equipment	3 – 15 years
Books	5 years
Building(s) and Improvements	5 – 40 years
Land and Improvement (s)	10 – 20 years

CERTIFICATION OF CAPITALIZATION OF CAPITAL ASSETS POLICY ADOPTION

We, the undersigned duly qualified Secretary and President of Fruitport District Library Board, Muskegon County, Michigan do hereby certify that the foregoing is a true and complete policy duly adopted by the Library Board of Trustees of the Fruitport District Library, County of Muskegon, Michigan at a regular meeting held on August 19, 2020 at 5:30PM prevailing Eastern Time and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976.

We further certify that the following Members were present at said meeting:

Rose Dillon, President, Junella Rule, Treasurer, Mary Weimer, Secretary, Trustees: Laura Oldt, Bill Overkamp, Angela Johnston, Ruth Woodward

Motion by Mary Weimer, supported by Bill Overkamp passed unanimously by roll call vote to adopt the Capitalization of Capital Assets Policy.

And that the following Members were absent:

Policy Adoption Declared August 19, 2020:

Mary Weimer

Mary Weimer, Secretary

Rose Dillon

Rose Dillon, President