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Capital Asset Policy

I. PURPOSE

Stevens Memorial Community Library recognizes the material investments it has made in its physical assets, and the necessity to ensure adequate steps are taken to protect from loss or misuse of these assets. This policy sets general procedures and overall requirements for protecting the Library’s capital assets by establishing the minimum value, useful life and depreciation method of assets to be tracked for inventory control and for financial reporting purposes. This policy will also describe the procedure the Treasurer will take when adding and/or deleting assets from a master capital asset listing.

II. DEFINITIONS

Capital assets primarily include land, buildings and building improvements, and equipment that are used in operations and have initial useful lives extending beyond a single reporting period.

III. GUIDELINES

Overview: Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capitalization Classifications, Thresholds and Lives: The Library uses three (3) fixed asset classifications for reporting purposes which include: land, buildings and building improvements, and equipment. The capitalization threshold is the cost established by the Library Director and Treasurer that must be met or exceeded if the asset is to be recorded and depreciated as a capital asset. Land is not depreciated. The capital assets of the Library will be depreciated using the straight-line method over the estimated useful lives presented as follows:

Assets	Years	Capitalization Threshold
Buildings	25 – 50	\$75,000
Building Improvements	10 – 50	\$75,000
Equipment	3 – 20	\$20,000

Identification and additions: Assets are identified at the time of purchase. Where the threshold defined above is met, these particular items are charged to the equipment (0200) line of the Library. At year end, the Treasurer will review the purchases to ensure they meet the definition of a capital asset and record it as such in a spreadsheet that tracks the depreciation. A review of other expense lines is performed to ensure assets did not get charged to an incorrect account.

Donations: Donations are defined as voluntary contributions of resources. Where a donation meets the definition of a capital asset and where its value at the time of donation meets the capitalization threshold, the asset will be treated as a capital asset addition in accordance with this policy.

Inventories and disposals: To maintain accuracy and completeness of capital assets, a physical inventory is conducted on an annual basis by the Library Director where a listing will be provided by the Treasurer. The listing will be reviewed and the assets physically located. If an asset listed has been disposed of, it will be noted on the list and documentation of the disposal is forwarded to the Treasurer along with the completed inventoried list. The Treasurer will use this list to update the fixed assets record and will match surplus/disposal forms and resolutions to the list.

Depreciation: Capital assets shall be depreciated over their estimated useful lives in accordance with this policy using the straight-line method. The straight-line depreciation method is the asset cost divided by the asset's useful life. Half year convention (recording ½ year of depreciation) will be utilized depending on the purchase date of the asset.

Leased equipment or assets: Equipment shall be capitalized if the lease agreement transfers ownership of the property to the lessee by the end of the lease term.

Disposition of Capital assets: When an asset is sold, a gain or a loss shall be recognized when cash is exchanged and the amount paid does not equal the net book value of the asset or when cash is not exchanged and the asset is fully depreciated but has a residual value.

Declaration of Surplus: Surplus of property is addressed in the Library's purchasing manual. In summary, no items owned by the Library may be destroyed or disposed of without prior approval by either the Director (if valued less than \$1,000) or via resolution and approval by the Board (if valued at \$1,000 or greater). As stated in that policy "In order to avoid any potential conflicts of interest or to avoid even the appearance of impropriety, no paid employee or Board member and/or no business corporation or entity of any nature in which these individuals have an interest, shall be permitted to contract with the Library to purchase any property for sale by the Library. Any bid received by the Library in contravention of this mandate shall be rejected and declared null and void".

Adopted by the SMCL Board of Trustees on 4/20/2026