

Burk's Falls Armour & Ryerson Union Public Library Board Policy Manual

Section:

Financial

Number:

D-1

Title:

Capital Assets

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Policy

In order to comply with the Public Sector Accounting Board rules which require the reporting of all tangible capital assets on Library financial statements for year-ends, commencing December 31, 2009 (with retroactive restatement of 2008 financial statements), the following procedures, outlined below, will be used to prescribe the accounting treatment for tangible capital assets.

Definition

A tangible capital asset is property that has physical substance that:

- a) is used in the supply of the library's services;
- b) has a useful life longer than the current fiscal year.

Procedures

1. Capitalization

The Library will keep a record and inventory of all tangible capital assets that individually have a historical cost of \$500.00 or more. In addition, Library collections (including books in print, books on CD and DVDs) will be pooled such that the accounting records will reflect ten years worth of acquisitions at any point in time.

2. Amortization

All purchases and disposals will be assumed to have happened on July 1 of the given year. Therefore in the year of acquisition, ½ year of amortization will be taken. The residual value of all capital assets will be assumed to be zero.

Amortization will be on a straight-line basis at the following annual rates:

Category	Estimated Useful Life	Amortization Rate
Computers, computer equipment and software	5 years	20%
Equipment	5 to 10 years	10%
Furniture	20 years	5%
All library collections	10 years	10%