



Northport-East Northport Public Library

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CAPITAL ASSET ACCOUNTING POLICY

Capital assets are defined by the Library as assets with an initial cost of \$500 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs incurred for repair and maintenance are expensed as incurred.

Capital assets also include all contracts meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement 87 (Leases) with an annual lease payment of \$2,500 or more. The intangible right-of-use lease assets are recorded at the present value of future lease payments, plus any prepayments and initial direct cost, at the commencement of the lease.

In addition, the Library implemented GASB Statement 96 (Subscription-Based Information Technology Arrangements) and established a capitalization threshold of \$10,000 or more in annual subscription payments. Similar to the lease assets, at the commencement of a subscription term, the subscription asset is initially measured at the present value of payments expected to be made during the subscription term, adjusted for payments made at or before the subscription term, plus capitalizable implementation costs, less any incentives received at or before the commencement of the subscription term.

All capital assets, except land and work-in-progress, are depreciated using the straight-line method over the following estimated useful lives:

- Buildings, including fixtures and improvements 20-40 years
- Site improvements 15-30 years
- Machinery and equipment 5-15 years

The intangible right-to-use lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying assets.

The intangible right-to-use subscription-based IT assets are amortized using the straight-line method over the subscription term.

Library books as well as audio/visual holdings have been capitalized although they may have an initial cost less than \$500. They are depreciated using the straight-line method over a 10-year life.

Works of art, historical treasures, and similar assets in display throughout the Library are not capitalized. The Library has a policy that requires the proceeds from sales of collection items to be used to acquire and conserve other items for collections.