

LIBRARIES AND COLLECTIONS: CAPITALIZATION

Contents

	<u>Page</u>
I. Introduction	2
II. Policy	2
A. Purchased Library Materials	2
B. Gifts and Exchanges	3
C. Withdrawals	3
D. Accounting Entry	4
III. Responsibilities	4
IV. References	4

LIBRARIES AND COLLECTIONS: CAPITALIZATION

I. INTRODUCTION

This chapter establishes the accounting policy for the valuation and capitalization of libraries and collections.

II. POLICY

The following methods will be used by the campuses to ascertain the capitalized value of libraries and collections:

A. PURCHASED LIBRARY MATERIALS

The total value for all purchased library materials is the sum of library materials acquisition expenditures plus processing expenditures. Library materials acquisition and processing expenditures are defined as follows:

1) Library Materials Acquisition Expenditures

Total library materials expenditures plus binding. This includes expenditures for purchases, licenses, one-time/annual license fees, and subscriptions for on-line digital content acquired for the library collection. Include expenditures both for content acquired independently by the campus and for the campus's co-investment in content acquired collaboratively for system-wide or multi-campus access.

2) Processing Expenditures

Acquisition and processing expenditures for academic and staff employees, general assistance, employee benefits, and supplies expense and equipment. (These are the same categories which can be found in the Library Expenditures and FTE Staff reports, tables 3a-3d, submitted to Library Affairs each fall in preparation for The Regents' Budget.)

Capitalized library materials expenditures must be segregated and reported in two categories: "general" and "rare." The distinction between these categories is needed because the "general" category will be depreciated, but the "rare" category will not.

Prior to fiscal year-end closing, the campus libraries will provide their campus accounting office with actual or estimated expenditures for both "general" and "rare" library materials plus acquisition processing for the current fiscal year-end. Estimated expenditures are calculated using the current year July 1 Adjusted Budget or the prior year actual expenditures. If the campus estimates expenditures at fiscal year end, campus libraries need to provide their campus accounting office with the actual expenditures for the prior fiscal year by December of the current year. The accounting office will adjust the prior year capitalization amount by the difference between the estimate and actual expenditures.

B. GIFTS AND EXCHANGES

The value for gifts and exchanges of library materials will be recorded at fair market value. This amount will be based on the campus procedures for valuing gifts as outlined in the University's Development Policy and Administration Manual.

C. WITHDRAWALS

Each campus library must determine the value of its withdrawn materials using the best available method. Campuses are to use one of the following methods to determine the value of withdrawn materials:

- 1) The original capitalized amount or
- 2) An estimate based on one of the following:
 - a) A reasonable value;
 - b) The unit values used for insurance of library materials, using the actual acquisition date;
or
 - c) The unit values used for insurance of library materials table.

II. POLICY (Cont.)

* D. ACCOUNTING ENTRY

The following entry is made at the end of each fiscal year to record net additions to libraries and collections:

Dr. Libraries Materials and Library Collections
(Account Group Code 120510)

Dr. Library Rare Books and Rare Book Collections
(Account Group Code 120520)

Cr. Investment in Plant (Account Group Code 129000)
X-10199X-0199X-XXXX, using one of the following transaction codes:

	General Collections	Rare Collections
Current Funds to Investment in Plant	3077	3078
Unexpended Plant to Investment in Plant	3677	3678
Other Additions	1487	1488
Gifts	1157	1158

III. RESPONSIBILITIES

The campus accounting office reviews the calculations for reasonableness and consistency and uses the appropriate codes to record the capitalization.

IV. REFERENCES

Directors Donald L. Alter and Dennis E. Smith, Memorandum to Accounting Officers and University Librarians on Capitalization of Libraries and Collections, June 26, 1989.

GASB Statement No. 34, Issues Resolution Memoranda 6, 6A, 6B and 6C.

Accounting Manual chapter [P-415-3](#), Plant Accounting:
Investment in Plant-Capitalization and Elimination in
Current Funds.

Accounting Manual chapter [P-415-3.1](#), Plant Accounting:
Investment in Plant-Depreciation.

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