

Interlaken Public Library

Fixed Asset & Capitalization Policy

1. Purpose

This accounting policy establishes the method of maintaining fixed asset information and the minimum cost (capitalization amount) that shall be used to determine the fixed assets that are to be recorded in Interlaken Public Library's (The Library) annual financial statements.

2. Fixed Asset Definition

A Fixed Asset is defined as a unit of property that:

- has an economic useful life that extends beyond 12 months; and,
- was acquired or produced for a cost of \$750.00 or more. Fixed Assets must be capitalized and depreciated for financial statement purposes.

3. Maintenance of Fixed Asset List

A Fixed Asset List shall be maintained by the Library's Treasurer and shall be reviewed annually by the Board of Trustees of the Library at the annual meeting, to ensure the document is accurate and up to date. The following information will be captured in a spreadsheet workbook for each item on the Fixed Asset List:

1. Assigned asset number
2. Description of the asset
3. Asset Category (Computer & Equipment/Furniture/Vehicles/Leasehold Improvement)
4. The date the asset was placed in service
5. The asset's cost or acquisition value
6. The asset's estimated useful life
7. The asset's salvage value, if any

4. Capitalization Thresholds

The Library establishes \$750.00 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in The Library's financial statements.

5. Capitalization Method and Procedure

Fixed Assets shall be recorded at historic cost as of the date acquired or, if the cost is not readily determined, at estimated historic costs. Cost shall include applicable ancillary costs (i.e. shipping & delivery cost, installation cost, other costs associated to the asset).

Tangible assets costing below the aforementioned threshold amount are recorded as an expense for The Library's annual financial statements. Also, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

6. Useful Life

The useful life of an asset is that period during which the asset provides benefits. Estimates of useful life consider factors such as physical wear and tear and technological changes that bear on the economic usefulness of the asset.

The following chart summarizes the useful life for each type of currently held property and equipment:

Equipment	Useful Life
Computers	3 years
Office Equipment	5 years
Furniture	7 years
Vehicles	5 years
Leasehold Improvements	The shorter of the life of the leasehold improvement or the remaining term of the lease

7. Depreciation Method

The Library has established the straight-line method for depreciating all fixed assets. Depreciation will begin in the month the asset is placed in service. Under the straight-line depreciation method, the basis of the asset is written off evenly over the useful life of the asset. The amount of annual depreciation is determined by dividing an asset's cost reduced by the salvage value, if any, by its estimated life. The total amount depreciated can never exceed the asset's historic cost less salvage value. At the end of the asset's estimated life, the salvage value will remain.

8. Recordkeeping & Retention

An invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum period equal to its useful life.

9. Disposition of Fixed Assets

Fixed assets that have outlived their useful life may be disposed of in accordance with the law.

Adopted this the 21 day of August, 2018 by board vote:

Yes/Approve: 6

No/Disapprove: 0

Not Voting: 0

Verified by Marty Schlabach , President