

# North Valley Public Library

## CAPITALIZATION POLICY *for* FIXED ASSETS

**STATEMENT OF PURPOSE:** The purpose of this policy is to establish a procedure for capitalizing a fixed asset and recording of fixed assets.

**GUIDELINES:** As of the date of this policy the Library will maintain an inventory of fixed assets in excess of \$5,000 that have a life expectancy of at least 2 years. All capital assets are recorded at cost, including costs attributable to bringing and installing the asset in its needed location. Donated capital assets that meet the established capitalization thresholds should be recorded at the estimated fair value at the time of donation.

All expenses are coded in the Montana BARS 900 object number range. Capital assets are recorded and updated on the Capital Asset Depreciation Schedule spreadsheet. Fully depreciated assets remain on the schedule until such time that disposal occurs.

Land, construction work in progress, museum and art collections, library collections, and easements are not depreciable.

### **DEPRECIATION:**

All equipment and machinery, buildings and improvements other than buildings will be depreciated, with calculations based on a straight line method. The useful life of the assets will be as follows:

<u>Class of Fixed Asset</u>	<u>Useful Life</u>
Equipment and Machinery	2 - 20 Years
Buildings	20 - 50 Years
Improvements Other Than Buildings	10 - 50 Years
Infrastructure	2 - 50 years

**DISPOSAL:** When a capital asset no longer fits library needs, it is disposed of as follows:

- Donated to another library and/or nonprofit entity
- Sold for cost determined by the item's estimated value
- Recycled and/or thrown away

A retirement record will be maintained as items are withdrawn or retired.

This policy was approved by the North Valley Public Library District Board of Trustees on October 8, 2014 and reviewed and reapproved on February 19, 2020, and September 20, 2023.