

# FIXED ASSET / CAPITALIZATION POLICY

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The Library will maintain an inventory of fixed assets and a record of capital expenditures.

The Library will maintain an inventory for external financial statement purposes of all fixed assets. Fixed assets are property, plant, furniture and equipment with an initial acquisition cost of \$2,500 or more per item. Initial cost is the cash outlay, or its equivalent, made to acquire the asset and put it in operating condition.

Fixed assets will be inventoried, using the historical cost of the asset. A record which includes item name, description, inventory ID#, location, manufacturer, vendor, historical cost, replacement cost, serial number and estimated replacement date, will be maintained.

A record of capital expenditures (e.g., land or major equipment acquisition, building or building improvements that add significantly to the life of the building or equipment), will be maintained. Capital expenditures must meet all of the following criteria:

1. They are made for the purpose of maintaining buildings and equipment in satisfactory working order;
2. They represent an addition to a capital asset;
3. They are intended to be of future benefit and extend the useful life of the asset;
4. They cost \$10,000 or more;

Capital expenditures do not include (1) ordinary repairs that do not increase the value or extend the life of the asset; (2) routine operating costs such as annual maintenance contracts.

Retirement procedure: A retirement record will be maintained as items are withdrawn or retired. The inventory should be reviewed on an annual basis.

Adopted: 7/14/93

Revised: 5/8/02, 10/9/02

Reviewed: 8/30/23