Berne Public Library

Category: Financial

Policy Title: Capitalization Policy

Application: Director and Library Board

Statement of Purpose:

All assets meeting the definition of a fixed asset shall be considered a long-term asset and shall be systematically and accurately recorded; properly classified; and adequately documented. The Berne Public Library shall establish an internal control structure over fixed assets that provides reasonable assurance of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

Policy:

Fixed assets should be categorized into the following:

- Land
- Land improvements and infrastructure
- Buildings/Facilities
- Construction in progress
- Equipment

The Town of Berne is the owner of the land; land improvements and infrastructure; buildings/facilities; and construction in progress for the Berne Public Library, which leaves Equipment as the only fixed asset for the Berne Public Library.

Equipment:

Equipment qualifying as a capital asset is defined as a single item with an acquisition cost of $2,500 or more and has a useful life beyond one year. Capitalization of equipment costs include but are not limited to, the following:

- Original contract or invoice cost
- Freight, import duties, handling and storage costs
- Specific in-transit insurance charges
- Sales, use and other taxes imposed on the purchase
- Costs of preparation of foundations and other costs in connection with making a proper site for the assets
- Installation charges
- Costs for reconditioning used equipment to make it usable for the purpose it was purchased

Improvements to existing equipment assets which extend the useful life or capacity of the asset and meet capitalization thresholds will be capitalized as a separate asset/component and depreciated over its estimated useful life.

Responsibility: Director and Treasurer

Original: 07/09/2021

Revised: 05/09/2024