

**Capital Assets Policy**  
**Sara Hightower Regional Library System**

**A. Purpose**

The purpose of this policy is to provide accountability and to safeguard capital assets owned by the Sara Hightower Regional Library System (SHRLS).

**B. Definition of Capital Assets**

Capital assets are assets that are used in operations and that have estimated useful lives extending beyond a single reporting period (i.e., one year). Examples of capital assets in a public library include vehicles, equipment, furniture, and materials collections.

**C. Capitalization Threshold**

Capitalization threshold is the monetary criterion used to determine whether a given asset should be reported on an entity's Balance Sheet. For purposes of financial reporting and inclusion on SHRLS's list of capital assets, the capitalization threshold shall be \$10,000. Therefore, items with an original cost of \$10,000 or more will be considered capital assets and will be capitalized for financial reporting purposes.

**D. Library's Materials Collection**

In compliance with GASB 34 (Governmental Accounting Standards Board Statement 34), the Library's materials collection – the aggregate of all books, CDs, DVDs and other materials with a useful life of more than one year - regardless of the original cost of individual items, will be considered a capital asset and will be capitalized for financial reporting purposes.

**E. Authority and Procedures**

The Library Director or his/her designee have the authority to implement the capital assets policy and to establish and enforce procedures to ensure this policy is followed in all departments, provide staff with instructions related to capital assets, and ensure a strong internal controls environment.

**F. Depreciation method of Capital Assets**

The straight line depreciation method will be used for capital assets belonging to SHRLS. The depreciation expense under the straight line method is calculated by dividing the depreciable amount of the fixed asset by the useful life of the asset. The library's materials collection shall be depreciated based on the depreciation method created by Georgia Public Library Services (GPLS).

**G. Valuation of Capital Assets**

Capital assets will be recorded at actual cost. Normally the cost recorded is the purchase price or construction costs of the asset, but also included are any ancillary cost (reasonable and necessary costs incurred to place the asset in its intended location and intended use; e.g., shipping, professional services that can be directly related to the asset.

## H. Valuation of Donated Assets

Donated assets are assigned values for accounting and asset management purposes. Donated or contributed assets should be recorded at their fair market value on the date donated or acquired. Items donated for the materials collection are handled differently than other assets. SHRLS accepts donated materials that meet the selection criteria of the Collection Development Policy. The value of each donated item is determined as follows:

- Retail price of the item as shown in the online catalog, if the item is a duplicate of an item already owned by the Library.
- Suggested retail price, as printed on the item, if #1 does not apply.
- Default price for the collection type and format, based on typical market value of like materials, if #1 and #2 do not apply. Default prices are set in the library catalog, as determined by the Director for materials services, using recent history of like materials purchased for the Library's collection.
- An exception may be made to #3 if the item appears to be of particularly high value (e.g., full color art book, "coffee table" book), making the default value unrealistically low. Assuming pricing as described in #1 and #2 is not available, materials staff would assign the suggested retail price from a vendor website (e.g., Amazon.com).

## I. Useful Life

Estimation of useful life for capital assets is based on the Library's past experience, industry standards, and warranty expirations. Following are useful life determinations used by the Library:

<b>Capital Asset</b>	<b>Useful Life</b>	<b>Description</b>
Computer Equipment	3-5 years	Computers and peripheral equipment
Furniture and Equipment	5-20 years	Visible, tangible property not reported in other categories
Cars and Trucks	5-10 years	
Heavy/Outdoor Equipment	5-10 years	
Library Collection	2-10 years	Varies by material format and type

**J. Recordkeeping Requirements**

Capital assets will be affixed with a property tab and records will be maintained that include identify information and location.

**K. Asset Transfers and Dispositions**

Capital Assets shall not be transferred without prior approval of the Library Director. Transfers are defined as any movement of an asset by virtue of change in location, either by department, building, or room.

Capital Assets not full depreciated shall not be destroyed or disposed of without prior approval of the Director and the SHRLS Board of Trustees.

Exception: Individual items deleted from the materials collection shall not require prior approval. These items shall be offered at public sale b SHRLS, the Friends of the Library, or by an authorized third party.

In the even that a capital asset is stolen, the department head will promptly notify the police. The police report should be forwarded to the Financial Officer.

**L. Periodic Inventories**

A physical inventory of capital assets will be conducted by the Administrative Staff at least every other year, as near as practical to fiscal year end.

**M. Assets Under Construction**

For assets under construction, costs will be accumulated in a Construction in Progress account and will be reported as such on financial statements. At project completion, the building or other asset becomes the property of Floyd County Government.

**N. Capital Asset Impairment**

In compliance with GASB 42 (Governmental Accounting Standards Board Statement 42), capital assets will be evaluated annually for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. SHRLS will evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred.

Events or changes in circumstances that may be indicative of impairment include:

- Evidence of physical damage
- Enactment of approval of laws or regulations or other changes in environmental factor
- Technological changes or evidence of obsolescence
- Changes in the manner or duration of use of a capital asset
- Construction stoppage

A capital asset generally should be considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. If a library asset is determined to be impaired, and impairment loss (or gain, although unlikely) – net of any insurance recoveries – will be recorded and reported on the library's financial statements as indicated by GASB 42.