Fixed Assets

1. Criteria for Capitalizing Land, New Construction, Major Building Repairs, Remodeling or Replacements:
   - A. Capitalize all land acquisitions. Include all related costs such as title fees, legal fees, surveying fees, appraisal fees. Include all costs of building demolition and removal, and site preparation. Do not depreciate land.
   - B. Capitalize cost of new construction including architect, attorney, appraiser, and all other professional fees related to any new structures.
   - C. Capitalize the cost of repairs, remodels or improvements that increase the future value of an existing structure beyond its previous value when such costs exceed $25,000.00. Calculate depreciation based on the District's defined useful life.
   - D. Capitalize the acquisition of a fixed asset to replace part of an existing fixed asset when the cost of the replacement exceeds $25,000.00. Do not include roof coverings unless they extend the useful life of the building. Do not include floor coverings, windows, or costs to convert a building to another use where such costs do not extend the useful life of the structure itself. Remove the cost and accumulated depreciation of the replaced fixed asset from the accounting records if the amounts are determinable and the replacement is capitalized. Depreciation is calculated using the District's defined useful life.

2. Criteria for Capitalizing Vehicles, Furniture and Equipment
   - A. Capitalize all vehicles, furniture, and equipment with an individual value of $5,000.00 or more per unit. Include the all costs related to the delivery, installation, preparation and maintenance or warranty contracts purchased at the time of acquisition.
   - B. Guidelines for distinguishing a fixed asset from an expendable supply:
     1) The item has an anticipated useful life of three or more years.
     2) The item retains its original appearance and volume with use.
     3) The item is non-expendable. If it is damaged or parts are lost or worn out, it is still more feasible to repair it than replace it.
     4) The item does not lose its identity through incorporation into a different unit.

3. Depreciation Guidelines
   - A. Depreciation on capitalized assets shall be calculated using the District's chart of defined useful life.
   - B. The straight-line method of calculating depreciation expense shall be used.
   - C. During the year of acquisition, depreciation shall be calculated on a pro-rated basis according to the month the asset is placed into service. (For example: An asset placed into service in June will have 6 months, or 50% of year, depreciation.)
   - D. If the asset is retired during its last depreciable year, the final year's depreciation expense will reflect any "unused" depreciation. (For example: An asset sold in June will have 6 months depreciation taken.

4. Disposal Guidelines

   A. Eliminate the book value of the asset being disposed. First, record depreciation expense up to the date of the disposal in order to bring the book value up to date.

   B. Record the consideration received (if any.)

   C. Record any gain or loss at the time of disposal. This is the difference between the "consideration received" (usually cash) and the book value of the asset. Example:

Historic value of building		200,000
Depreciation @ time of sale		140,000
Difference:		60,000
District sells building for	80,000	
Gain on sale of building:	20,000	

5. Suggested Useful Lives of Assets

Description	Suggested Useful Life (UL)
Office equipment	10
Athletic equipment	10
Playground equipment	20
Kitchen Service equipment	15
Maintenance equipment	10
Tools and machinery	10
Vehicles	20
Land	Never exceeds UL
Buildings	50
Building Systems	
HVAC	20
Roofing	20
Carpet	10
Electrical/Plumbing	30
Modular classrooms	30
Construction in Progress	Never exceeds UL
Athletic Fields & Improvements (track, lights, dugouts, etc.)	20
Small out buildings, structures, and other improvements	30
Other equipment	10