

POLICY TITLE: Capital Assets
POLICY NUMBER: 2025

2025.1 Capital assets are reported at historical cost, including capitalized interest and ancillary charges necessary to place the asset into its intended location and condition of use. Donated capital assets are reported at their acquisition value as of the date of donation, plus any ancillary charges, if applicable. The District defines capital assets as assets that have an initial cost and estimated useful lives as follows:

Asset Types	Capitalization Threshold	Useful Life Range
Land	\$0	N/A
Construction in progress	N/A	N/A
Structure and Improvements	\$50,000	Structures: 20 – 50 years Structural Improvements: 5 – 30 years Land Improvements: 5 – 30 years
Equipment	\$10,000	Vehicle: 3 – 20 years Other: 3 – 30 years
Infrastructure	\$100,000	5 – 75 years
Easements (permanent)	\$0	N/A
Software (purchased or internally generated)	\$100,000	3 – 10 years

2025.2 Land

Land, including acreage, parcels, or plots associated with infrastructure, shall be reported at historical cost, estimated historical cost, or estimated fair value at the date of acquisition. The costs may include (not all inclusive):

- Acquisition price or acquisition value if donated.
- Appraisal, negotiation fees, legal, title search and surveying fees.
- Cost of obtaining consents and condemnation costs.
- Filing costs, escrow fees.
- Basic site improvements, including the cost of removing, relocating, or reconstructing the property of others (e.g. power lines).

2025.3 Construction in Progress

The Construction in Progress (CIP) class is used to accumulate costs incurred to construct or develop a capital asset until the asset is substantially complete. Upon being placed into service, the accumulated costs shall be transferred to the appropriate capital asset category. CIP should only be used if the completed asset is expected to exceed the above thresholds.

2025.4 Structures and Improvements

The structures and improvements asset category encompasses several subcategories, including structures, structural improvements, land improvements, and leasehold improvements.

2025.4.1 Structures

Structure are physical properties of a permanent nature. Examples include buildings, modular buildings, storage facilities (e.g. sheds, Conex boxes or containers, storage tanks) and towers. Buildings may include major high-cost components such as boilers, elevators, HVAC systems, and roofs. If practical, these components should be recorded separately in the capital asset system to simplify future replacement transactions and because their useful lives can differ from those of buildings. Structures are capitalized when the acquisition and ancillary costs or appraised fair market value is greater than or equal to \$50,000.

Costs may include, as applicable:

For purchased structures:

- a. Acquisition price
- b. Legal fees
- c. Title search fees

For constructed structures:

- a. Site preparation
- b. Surveying fees
- c. Soil testing.
- d. Architectural and engineering fees
- e. Construction costs
- f. Permits and licenses
- g. Construction management
- h. Direct and indirect costs (except general administration costs)
- i. Legal fees
- j. Condemnation costs
- k. Insurance during construction
- l. Fixtures permanently attached to and forming part of the structure

2025.4.2 Structural Improvements

Structural improvements (i.e. betterments) are additions or improvements to structures that adds value to the property, extends the estimated life, or increase the future service potential of the asset. Examples include replacing major building components (e.g., elevator, boiler HVAC, roof), installation of upgraded plumbing or electrical systems, installation of electric vehicle supply equipment (e.g., EV charging station) or solar panels, and major renovations of exterior structural deterioration. Structural improvements with a cost greater than or equal to \$50,000 will be capitalized.

2025.4.3 Land Improvements

Land improvements (i.e., other than buildings or other structures) are permanent (non-moveable) improvements that add value to land, but do not have an indefinite life. Examples include fences, retaining walls, parking lots, and most landscaping. All improvements to land are capitalized if costs related to a specific improvement are greater than or equal to \$50,000.

2025.5 Equipment

Equipment includes tangible personal property which is moveable, or if attached is readily detachable without appreciable impairment to the unit to which it is attached, has a useful life of more than one (1) year, and costs greater than or equal to \$10,000.

2025.5.1 Vehicles

Vehicles is a subcategory of the equipment asset category due to their unique operational and maintenance characteristics and includes motorized or non-motorized transportation assets used for organizational operations.

2025.5.2 Other Equipment

Other equipment under the equipment asset category includes heavy machinery, furnishings (e.g., desks, filing cabinets), computers, office equipment, instruments, technical and diagnostics equipment, and other similar moveable items.

Equipment should be recorded at historical cost, plus ancillary charges, net of all trade discounts and rebates necessary to place the asset into its intended location and condition for use. If extended warranties or maintenance agreement are bundled with the cost of the asset, then the incidental charges are considered part of the cost. Costs normally include:

- a. Preparation costs
- b. Freight or other transportation charges
- c. All taxes
- d. Installation costs

2025.6 Infrastructure

Long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets are infrastructure. Infrastructure costs greater than or equal to \$100,000 are capitalized. The infrastructure asset category includes bridges, roads, sewer and water systems, tunnels, drainage and flood control systems, underground pipe, traffic signals and lighting systems. Costs normally include:

- a. Architectural, engineering and surveyor fees
- b. Condemnation costs
- c. Legal fees
- d. Construction costs
- e. Permits and licenses
- f. Appurtenances (e.g., traffic signs, signals, street signs, grade separations)

2025.7 Software

Software includes both purchased applications and internally generated software owned by the District, and costs associated with the application development stage are capitalized when the costs are greater than or equal to \$100,000. Internally generated software shall be accounted for in accordance with applicable Governmental Accounting Standards Board (GASB) guidance.