

**COLORADO COUNTY GROUNDWATER CONSERVATION DISTRICT
Capital Assets under GASB #34**

Under Governmental Accounting Standards Board ("GASB") Opinion #34, government wide financial statements become a required financial statement for Colorado County Groundwater Conservation District ("the District"). Capital assets will be added to the general fund in the government wide financial statements.

The Colorado County Groundwater Conservation District will regard fixed assets as capitalized when all of the following criteria are met:

- (1) Assets purchased, built or leased have useful lives of one year or more.
- (2) The cost of the asset (including installation) is \$5,000 or more.
- (3) The cost of repairing or renovating the asset is \$5,000 or more and prolongs the life of the asset.

Other Considerations:

- (1) REPAIR is an expenditure that keeps the property in ordinary efficient operating condition. The cost of the repair does not add to the value or prolong the life of the asset.
- (2) IMPROVEMENTS are expenditures for additions, alterations and renovations that appreciably prolong the life of the asset, materially increase its value or adapt it to a different use. Improvements of the nature are capitalized.

Examples of Repairs vs. Improvements

Repairs = Expenditures

All items—life less than one year
All items under \$5,000
Property maintenance, wall repair
Replacement of machine parts to keep machine in normal operating condition
Property restoration (rebuilding) for normal operations
Existing building repairs
Replacement of small sections of wiring, pipes or light fixtures
Patching walls, minor repair of floors, painting, etc.
Patching driveways
Cleaning drapery, carpet, furniture

Improvements = Capitalized Assets

Life of more than one year
All items \$5,000 or more
Property rebuilding
Replacement of motor and parts that prolong the useful life
Property restoration for something different or better
Building regulation conformity
Major replacement of wiring, lighting pipes or sewer
Installation of floor, wall, roof, wall covering, etc.
New driveway or major repair
New drapery, carpets, furniture

Acquisition costs include the historical costs, plus sales tax and any other taxes included, initial installation cost, modifications, attachments, accessories or any item necessary to make the asset usable and render it into service. Freight and transportation costs should be added to these costs.

In the event of a trade-in, the net book value of the asset being traded will be added to the purchase price of the asset.

Donated fixed assets are recorded at their fair market value at the date of the donation and follow the above capitalization thresholds, etc. as purchased fixed assets.

Depreciation

The Colorado County Groundwater Conservation District will use the straight-line method of depreciation over the life of the asset to be depreciated in the following schedule:

- Buildings 30-60 years
- Building Improvement 15-30 years
- Vehicles 3-5 years
- Furniture & Equipment 3-5 years

No salvage value will be assigned, as it is the intention to keep each asset through its full-intended life, and it is not the policy of the District to sell or dispose of its capital assets.

The allocation of depreciation will be calculated using the functional expenditure method removing any capital additions from this calculation.

Adopted this 21st day of May 2015.

Thomas L. Kelley
Thomas L. Kelley, President

5-21-15
Date

Whyman D. Psencik
Whyman D. Psencik, Treasurer
Scott Brasher, Vice President

5/21/15
Date