

JAUNT, Inc.
Fixed Asset Capitalization Policy

Purpose

To record assets of JAUNT, Inc., in compliance with generally accepted accounting principals. And, to provide an accurate and reliable system of recording, valuing, and placing in an inventory all equipment owned by JAUNT, Inc.

Useful Life

Useful life of fixed assets related to the life expectancy as used by JAUNT.

Buildings	40 years
Building Improvements	40 years
Office Equipment and Furniture	10 years
Computer Equipment/Software	3 years
Body on Chassis Vehicles	5 years
Support Vehicles	5 years

Useful lives are assigned to each asset unit or are determined on an average for the group. It is based on actual experience, whenever possible, or engineering evidence or practice if JAUNT has no actual experience.

Depreciation Method

Unless otherwise noted, all depreciation is calculated using the straight-line method.

Procedure

1. Office Equipment and Furniture: All movable equipment and furniture costing **\$5,000** or more and having a useful life of one (1) or more years will be capitalized in the year of acquisition. Costs included: taxes, freight, and setup costs. Setup includes those necessary for the testing, installation, or preparation for operation or use.

2. Computer Equipment/Software: If computer software costs are inclusive with the hardware, the software cost will be included as equipment. The criteria in Procedure 1 above will be followed for equipment. Purchases of major software systems costing **\$5,000** or more will be capitalized in total provided the license does not specify that the software be returned or destroyed at the end of the contract. Otherwise, computer software will not be capitalized.

The computer equipment and/or software systems meeting the capitalization criteria above, in Procedure one (1) and two (2), will include computer hardware, software, taxes and other costs directly attributable to the implementation of the system (s).

Enhancements are internal and external additions to computer equipment that extend the life or increase its productivity and have a cost of **\$5,000** or more.

3. Donated Capital Asset: All capital assets acquired through donation or exchange for rebates will be capitalized at fair market on the date of the transaction. If the equipment is new and an invoice can be furnished by the donor, the cost would be the fair market value. If the equipment is used or no information is available as to the cost of new equipment on date of acquisition, an appraisal, or other estimate cost will be needed to establish the amount to capitalize.

4. Land: Land will be capitalized at cost. These include assessments, taxes, fees, and commissions to be obtain the land. In addition, conveyances, notary fees, costs of demolishing old building, grading or otherwise clearing the land will be included.

5. Buildings: Buildings will be capitalized at cost. This will include all payments to contractors, taxes and building permits, architect fees, and interest expense net of investment income on borrowed funds during construction. Also included will be all permanent fixtures and appliances installed as part of the building.

6. Improvements to Buildings, Including Modular Furniture: Expenditures that increase the capacity or operating efficiency of an asset will be capitalized. These can be major improvements which add substantially to the value of the building or extend its useful life.

Improvements to buildings, defined above, costing **\$5,000** or more will be added to carrying amount of the building on the inventory records.

7. Work in Progress: All construction projects not complete at the end of the fiscal year will be capitalized as Work in Progress. At the end of the fiscal year of completion, the amount for that Work in Progress project will be moved to the appropriate building asset.

8. Vehicles: Vehicles costing **\$5,000** or more and having a useful life of one (1) or more years will be capitalized in the year of acquisition. Costs to include: taxes, fees, painting, bike racks, radios and antenna installation.

Disposal of Equipment

JAUNT may dispose of equipment at any time, through sales to other state agencies, public auctions, sealed bids, set-price sales, donations, destruction or abandonment. Should net carry over value be \$10,000 or greater JAUNT Board approval is required.