

**Depreciation Guidelines**

Depreciation is a system of accounting which aims to distribute the cost or gift value of a capital asset, less salvage value, over the estimated useful life of the asset in a systematic and rational manner. All depreciable assets will be depreciated using the **straight-line method** of allocation utilizing the half-year convention. The straight-line method allocates an equal amount of the net cost of an asset to each accounting period in its useful life. Most assets retain some recovery at the end of their useful lives, which is known as salvage value. All depreciable property for the purposes of this policy shall be deemed to have a fair market value at the end of their useful lives.

The useful life of depreciable assets is based on their usefulness to the school. The following table displays the estimated useful lives that will be used to calculate and allocate depreciation:

<b>Property Category</b>	<b>Life in Years</b>
Furniture and Equipment	5
Computer Software	3
Computer Equipment	5
Library Holdings	10
Transportation Equipment	3-5
School Buses	7-10
Land	39
Lease Hold Improvements	<del>20</del> 15

**Disposal of Capital Assets**

Capital assets which are obsolete, worn out, or no longer meet the requirements of the school, may be disposed of pursuant to NMSA (1978) 13-6-1 to 13-6-4, Sale Of Public Property, transferred within the school campus to another department or classroom, or traded-in. A Fixed Asset Disposal Form must be completed in all cases for the disposition of any asset, including those, which were damaged by theft, and a Fixed Asset Relocation Form must be completed when assets are transferred from one location to another. The Fixed Assets Disposal Form must be signed by the Business Manager, Chief Executive Officer and the Governing Board Chair. Pursuant to NMSA (1978) 13-6-1 and 13-6-2, all licensed software and any electronic media (computer hard drives) must be completely erased before being disposed. The school business office will retain the approved forms to preserve the accuracy of the asset records.

**General Inventory Procedures**

1. An inventory of all assets, including but not limited to capital assets, will be created and a copy of the list will remain at the school. Other pertinent information such as room, department, manufacturer, and model shall also be recorded on the list.
2. A physical inventory shall be done at least annually on such date(s) and time(s) as specified by the Chief Executive Officer, the Facilities Manager and the Business Manager.
3. A label or a tag will be attached to the property in a conspicuous location.