

ASSET USEFUL LIFE CALCULATION

Rules for Bond issues require that the average useful life (how long the items are expected to last) of all improvements to schools and equipment purchased (assets) through a Bond issue must be longer than the average maturity of the bonds issued to finance the improvements. These requirements exist so items such as buses, technology, or building renovations financed with Bond money will in aggregate, last as long, or longer than the length of time the money is owed.

Specifically, regulations require that a school district demonstrate that 120% of the average useful life of the assets it is purchasing with bond proceeds is greater than the average useful life of the bond issue.

- 120% of the average useful life of the assets acquired in this bond issue is 31 years
- The average life of the bonds is 19 years
- Therefore, LPS has met the requirement of the useful life calculation

Below is a chart of the asset categories and the useful life of the asset being purchased with the bond proceeds. For example, roofing has a useful life of 20 years, while technology equipment has a useful life of five (5) years.

Asset Category	Useful Life Years
New School Building	40
Building Improvements - interior and exterior remodeling such as plumbing, electrical, HVAC, fire suppression, security systems, elevators, etc.	30
Roofing	20
Flooring	10
Furnishings and Equipment - furniture and fixtures that are not a structural component of a building such as desks, chairs, tables, storage units, office equipment, copiers, fax machines, communications equipment, kitchen equipment and appliances, athletic equipment, etc.	10
Technology Infrastructure - cables, networks, etc.	10
Buses	6
Technology (instructional and non-instructional) - computers, printers, scanners, etc.	5