

NOTE 8 SUMMARY OF PROPRIETARY FUND FIXED ASSETS - DEPRECIATION

Development Services: At July 1, 1988, Pima County contributed as capital, equipment at a value of historical cost less accumulated depreciation, which approximated fair value at date of contribution. Subsequent additions are stated at cost. Costs of repairs and maintenance are expensed in the period incurred. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. Equipment is depreciated over 3 to 16 years.

Pima Health Care System: As of June 30, 1977, property, plant, and equipment (excluding land) were valued at estimated historical cost based on an independent appraisal. Subsequent acquisitions are capitalized at cost. Donated assets are capitalized at their estimated fair market value on the date received. As of June 30, 1998, approximately 50 percent of net property, plant, and equipment was valued at estimated historical cost. Depreciation is recorded on all buildings, improvements, furniture and equipment based on the estimated useful lives of the assets. The straight-line method, with no salvage value, is used. Buildings and improvements are depreciated over 10 to 40 years; and furniture and equipment are depreciated over 5 to 25 years.

Parking Garages: At July 1, 1992, Pima County contributed as capital, land, buildings, and equipment at a value of historical cost less accumulated depreciation. Subsequent additions are stated at cost. Costs of repairs and maintenance are expensed in the period incurred. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. Buildings and improvements are depreciated over 7 to 40 years; and furniture and equipment are depreciated over 6 to 10 years.

Rillito Park: At July 1, 1992, Pima County contributed as capital, land and buildings at a value of historical cost less accumulated depreciation. Subsequent additions are stated at cost. Costs of repairs and maintenance are expensed in the period incurred. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. Buildings and improvements are depreciated over 10 to 40 years.

Wastewater Management: Property, plant and equipment are capitalized at cost, or estimated historical cost if historical records are not available. Estimated historical costs were based on an independent appraisal as of June 30, 1980. Fixed assets are depreciated using the straight-line method over a range of 5 to 50 years for treatment facilities, transfer stations, and other property and equipment and 50 years for the sewage conveyance system, which represents the estimated service lives of the related assets. Depreciation expense includes depreciation on the portion of the utility plant financed by major governmental grants. Depreciation on assets financed by grants is then added back to retained earnings with a corresponding reduction in contributed capital.

Internal Service Funds: Most building space used by these funds is provided by the County on a no-charge basis. One building is depreciated over 40 years using the straight-line method. Equipment other than vehicles is depreciated on the straight-line method, with no salvage value, over a range of 5 to 20 years. Vehicles are depreciated on the units of production method based on the number of miles or hours used.

Southwestern Fair Commission: Equipment is depreciated on the straight-line method over the asset's estimated useful life. Buildings and improvements financed by the Southwestern Fair Commission, Inc. become the property of Pima County and are reflected in the General Fixed Assets Account Group. The cost of these buildings and improvements is considered capital contributed to the County.

Metropolitan Domestic Water Improvement District: The property, plant and equipment purchased from the City of Tucson were initially recorded at cost at

the acquisition date. Additions to property, plant and equipment are recorded at cost or, if contributed, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of property, plant and equipment is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Reservoirs, transmission and distribution mains, hydrants and valves	50-55	Years
Structures, buildings and improvements	40	Years
Wells, pumping equipment, water treatment equipment and meters	25-30	Years
Other plant equipment	15-25	Years
Office furniture and equipment and vehicles	5-15	Years