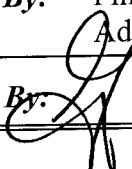




POLICY AND PROCEDURE

Subject: Capital Assets	Index: Finance Number: 201-13-1 (supercedes #201-1-9)
Effective Date: April 1, 2009	Prepared By: Finance & Administrative Services
Supersedes: September 1, 2005	Approved By: 

1.0 **PURPOSE:**

To provide policy on the valuation of capital assets of the City of San Clemente.

2.0 **ORGANIZATIONS AFFECTED:**

All departments/divisions.

3.0 **REFERENCES:**

Capital Assets – Capitalization Policy and Procedure 201-13-2
Capital Assets – Depreciation Policy and Procedure 201-13-3
Purchasing Policies and Procedures for the Disposition of Surplus
City Property Policy and Procedure 201-2-4

4.0 **POLICY:**

4.1 It is the policy of the City to value its capital assets at historical cost or for donated assets at the estimated fair value. The City utilizes a capitalization threshold based on the type of asset and the estimated useful life.

5.0 **DEFINITIONS:**

Not applicable.

6.0 **PROCEDURE:**

6.1 Assets are to be capitalized and recorded on the City records.

6.1.1 The City values capital assets (whether governmental or proprietary fund types) at historical cost. If actual historical cost is not available, estimated historical cost is used.

6.1.2 Donated capital assets are recorded at their estimated fair value at the time received.

6.2 Assets should have a minimum life of three years. Information on depreciation over the estimated useful life by type of asset is located in Policy and Procedure 201-13-3.

6.3 When assets are sold, disposed of or transferred Finance must be notified so amounts associated with the asset can be removed or transferred in the accounting records. Information on how to dispose of assets is located in Policy and Procedure 201-2-4.

6.3.1 When assets are impaired through obsolescence, severe physical damage, or operation stoppage due to failure to meet new laws and regulations Finance should be notified.

6.3.2 When assets are partially disposed of or partially replaced, the historical cost of the portion replaced or disposed of will be computed and removed from the accounting records.