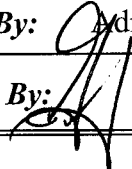




POLICY AND PROCEDURE

Subject: Capital Assets - Depreciation	Index: Finance Number: 201-13-3 (supercedes 201-1-10)
Effective Date: April 1, 2009	Prepared By: Finance & Administrative Services
Supersedes: Not Applicable	Approved By: 

1.0 **PURPOSE:**

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

2.0 **ORGANIZATIONS AFFECTED:**

All departments/divisions.

3.0 **REFERENCES:**

Not applicable.

4.0 **POLICY:**

- 4.1 The City depreciates all exhaustible capital assets used by the proprietary fund types and charges the depreciation as an expense against the fund's operations.
- 4.2 Accumulated depreciation is reported on the fund's balance sheet/Statement of Net Assets.
- 4.3 No depreciation is recorded on capital assets in the governmental funds. Depreciation is recorded on governmental assets for reporting purposes only on the Government-wide Financial Statements.

5.0 **DEFINITIONS:**

5.1 Depreciation is a systematic allocation of the cost of a capital asset over the assets estimated useful life. Depreciation is used to allocate the cost of a capital asset to the appropriate accounting period in which it is used.

6.0 **PROCEDURE:**

6.1 The Finance division calculates and records depreciation on capital assets using the straight-line method as part of the closing of the year end accounting records.

6.2 Depreciation is provided over the estimated useful life of the asset. Depreciation has been provided over the estimated useful lives using the straight-line method over the following estimated useful lives:

Infrastructure	20-75 years
Utility assets	10-50 years
Buildings	30-50 years
Improvements other than buildings	10-50 years
Vehicles	3-25 years
General equipment	3-10 years

6.3 Land and certain land improvements are not depreciated.