

**AGENDA ITEM:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**Action** \_\_\_\_\_

**San Simeon Community Services District  
Financial Policy**

**Capital Assets**

Capital assets have an estimated useful life greater than one year and an individual cost exceeding \$5,000. Capital assets are to be valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life are not capitalized and are to be recorded as yearly expenses.

Capital Assets, which include land, structures, improvements, and equipment are to be funded by charges to the appropriate capital reserve account and transferred to their respective fixed asset category upon installation or completion of the project.

Land is not depreciated or depleted and is funded on a case-by-case basis as determined by the Board of Directors at the time of acquisition.

Construction or work in process is not to be depreciated until it is capitalized upon completion.

Other capital assets or unanticipated major repairs during an asset's life cycle are to be funded from the appropriate capital reserve account or other alternatives as determined by the Board of Directors at that time.

<b>AGENDA ITEM:</b> _____
<b>DATE:</b> _____
<b>Action</b> _____

**San Simeon Community Services District  
Financial Policy**

**Depreciation**

Capital assets purchased by the District are depreciated over their useful lives (5-50 years) using the straight-line method of depreciation. They are to be reviewed at year end by the District's Auditor and be categorized and assigned during the year end audit.

Beginning with the fiscal year ending June 30, 2019, the Board authorized the annual contribution of the yearly depreciation to the appropriate capital reserve accounts. To improve the budgeting process the Board has updated the authorization to include a contribution equal to 100% of the previous fiscal year's audited depreciation to each fund's assigned capital reserve account. These accounts are assigned for future capital upgrades, expansions, acquisitions, and unanticipated capitalized repairs for the existing facilities.