



Policy No.: P400-24-1	Type of Policy: Finance
Policy Title: Capital Assets	
Policy Description: Defines capital assets, depreciation, and amortization for regular audits of the District's accounts and financial records	
Approval Date: 7/16/2024	Last Review Date: 2024
Approval Resolution No.: 23-24	Next Review Date: 2028
Rescinded Resolution No.: N/A	Rescinded Resolution Date: N/A

The purpose of this policy of the Board of Directors of Dublin San Ramon Services District is define capital assets, depreciation, and amortization as they relate to DSRSD in accordance with Generally Accepted Accounting Principles for purposes of audits of special districts, pursuant to California Government Code Section 26909 as required by California Government Code Section 61118, part of the Community Services District Law.

There are two types of capital assets:

1. Depreciable Water and Wastewater Facilities and Equipment

Depreciable water and wastewater facilities capital assets include real or personal property, purchased new, with a unit acquisition cost equal to or greater than \$20,000, and an estimated life greater than three years. Common examples of plant and facilities assets include land improvements, buildings, equipment, and subsurface pipelines. Depreciation of an asset begins when the capital asset is placed in service and is provided over their useful lives on a straight-line basis. Depreciable asset lives are generally as follows:

Land improvements	15–25 years
Buildings	10–50 years
Equipment	3–25 years
Sub-surface lines	25–50 years

2. Amortizable Right of Use and Subscription-Based IT Arrangements (SBITAs)

Right-of-use assets include leases as lessee, such as cellular lease agreements. SBITA assets include the use of software and IT-related equipment for the specified term of a contract. District lessor contracts are not capital assets but rather are income producing arrangements. Right-of-use assets and SBITA assets are recorded at the present value of the payment stream based upon terms of the contract, with amortization of these assets provided over the life of the asset when greater than one year. There may be certain special situations with accounting for right-of-use assets and SBITA assets such as for modifications, terminations, and others. The District shall follow Governmental Accounting Standards Board Statement No. 87 for leases and Statement No. 96 for SBITAs for special situations in connection with contract terms.