District Council of
Loxton Waikerie

Asset Accounting Policy

Responsible Officer/s	Chief Finance Officer
Relevant Legislation / Documents	Local Government Act Australian Accounting Standards and regulations
Adopted	September 2023
Reviewed	
Next Review	June 2026

A. Purpose

The purpose of this policy is to provide guidance, clarity, and consistency regarding the treatment of capital expenditure, depreciation, revaluations, and accounting for non-current assets. Assets shall be recognised and accounted for in accordance with Australian Accounting Standards and the details contained within this policy.

B. Policy

1. *Acquisition of Assets*

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees, engineering design fees, project management and all other costs incurred in getting the assets ready for use.

2. *Capitalisation*

Assets should have a useful life of greater than one year for the expenditure to be capitalised and have a value above the Materiality Thresholds described below. Materiality levels are set so as not to misstate financial statements and to provide a guide whether it is practical from an administrative perspective that expenditure is capitalised.

Materiality Levels are;

- Office Furniture & Equipment $3,000
- Other Plant & Equipment $3,000

- Buildings - new construction/extensions $10,000
- Park & Playground Furniture & Equipment $5,000
- Road construction & reconstruction $10,000
- Paving & footpaths, Kerb & Gutter $5,000
- Drains & Culverts $5,000

Networked/Aggregate Assets - Expenditure can still be capitalised on items that fall below materiality thresholds individually but operate together as a cohesive whole to form a substantial/significant total value. Examples include the computer network and reserve furniture

3. *Maintenance or Capital Expenditure*

a. *Maintenance*

Expenditure on a non-current asset that does not meet capitalisation criteria is considered maintenance expenditure and must be expensed as incurred. In general, maintenance expenditure will allow the asset to realise its expected service levels and estimated life

b. *Capital*

Capital expenditure can relate to new or existing assets. Capital expenditure shall be recognised (taken into consideration materiality levels) where:

- Expenditure results in an effective increase in future economic benefits
- Expenditure results in an increase in the quality of services provided by the asset beyond that previously determined; or
- Expenditure results in an effective extension to the asset's useful life

4. *Revaluations of Non-Current Assets*

Infrastructure assets, Land, Buildings and Other assets are revalued annually to ensure the carrying amount does not differ materially from the fair value that would otherwise be determined at the reporting date.

Revaluations of Non-Current Assets are carried out by an independent professionally qualified valuer. Comprehensive independent valuations are performed every 5 years with desktop valuations performed annually between comprehensive valuations for Infrastructure Assets.

Plant, Equipment, Furniture and Fittings are recognised at cost less accumulated depreciation and any accumulated impairment and are not subject to revaluation.

5. *Deprecation of Non-Current Assets*

All non-current assets have a limited useful life except for Land and Land Improvements. The straight-line depreciation method is adopted by Council to reflect patterns of consumption in a uniform manner over the useful life of an asset. The range of useful lives for a assets class is shown below;

Plant, Furniture & Equipment

- Office Equipment 4 to 10 years

- Office Furniture 10 to 20 years
    - Vehicles and Roadmaking Equip 5 to 8 years
    - Other Plant & Equipment 5 to 15 years
- Building & Other Structures
    - Buildings – masonry 50 to 100 years
    - Buildings – other construction 20 to 40 years
    - Park Structures – masonry 50 to 100 years
    - Park Structures – other construction 20 to 40 years
    - Playground equipment 5 to 15 years
    - Benches, seats, etc 10 to 20 years
- Infrastructure
    - Sealed Roads – Surface 15 to 25 years
    - Sealed Roads – Structure 20 to 50 years
    - Unsealed Roads 10 to 20 years
    - Bridges – Concrete 80 to 100 years
    - Paving & Footpaths, Kerb & Gutter 80 to 100 years
    - Drains 80 to 100 years
    - Culverts 50 to 75 years
    - Flood Control Structures 80 to 100 years
    - Dams and Reservoirs 80 to 100 years
    - Bores 20 to 40 years
    - Reticulation Pipes – PVC 70 to 80 years
    - Reticulation Pipes – other 25 to 75 years
    - Pumps & Telemetry 15 to 25 years

Asset depreciation parameters, useful lives, asset condition and residual values are to be reviewed with sufficient regularity to ensure that they are representative of current conditions and expectations at the end of each financial year. Remaining useful life of an asset should be reassessed whenever a major addition or partial disposal is processed.

Depreciation of an asset begins when it is available for use and able to provide economic benefits

C. Availability

This Policy will be available for inspection at the Council Offices at Loxton or Waikerie during ordinary business hours at no charge.

Copies of this Policy will also be available from Councils website: www.loxtonwaikerie.sa.gov.au or postal copies may be obtained from the Council Office free of charge.

D. Document history and version control

Date	Version	Authorisation	Amendment Details
20/09/2023	1	Council Meeting	New Policy