



Asset Accounting Policy

Reference Number:	3.3
Type:	Council
Category:	Corporate Services
Relevant Community Plan Outcome:	<ul style="list-style-type: none">• Be bold and innovative in our practices, leadership and decision making.• Adaptive and sustainable management of the City's finances.
Responsible Officer(s):	Manager Financial Services
First Issued/Approved:	July 1996
Minutes Reference:	CoS 4/02/2019, Item 3.6
Last Reviewed:	February 2019
Next Review Due:	February 2020
Applicable Legislation:	Local Government Act 1999 AASB 13 and 116
Related Policies:	
Related Procedures:	

1. Purpose

This policy details expenditure that is to be capitalised and the associated accounting treatment for non current assets in Council's asset register.

2. Scope

This policy includes the accounting treatment of all Council's non current assets.

3. Policy Statement

3.1 Capitalisation

Expenditure, or other transactions, which result in the creation of future economic benefits which are controlled by Council are to be capitalised when:

1. It is probable that the future economic benefits embodied in an asset will eventuate, and

2. The asset possesses a cost that can be measured reliably (as value), and its value, at the time of Council gaining control over the asset, is in excess of:

<i>Financial Asset Category</i>	<i>Value \$</i>	<i>Financial Asset Classification</i>
Community Land*	\$5,000	(Land)
Non Community Land	\$5,000	(Land)
Community Amenities**	\$5,000	(Buildings)
Community Buildings***	\$5,000	(Buildings)
Council occupied buildings***	\$5,000	(Buildings)
Commercial Properties***	\$5,000	(Buildings)
Accommodation Buildings***	\$5,000	(Buildings)
Street Furniture	\$5,000	(Buildings)
Computer Equipment	\$1,000	(Furniture and Fittings)
Office Furniture	\$1,000	(Furniture and Fittings)
Office Equipment	\$1,000	(Furniture and Fittings)
Domestic Equipment	\$1,000	(Furniture and Fittings)
Fixtures and Fittings	\$1,000	(Furniture and Fittings)
Roads	\$5,000	(Infrastructure - Roads)
Footpaths	\$5,000	(Infrastructure – Footpaths)
Stormwater	\$5,000	(Infrastructure -Stormwater)
Recycled Water	\$5,000	(Infrastructure – Stormwater)
Bridges	\$5,000	(Infrastructure - Bridges)
Chippers	\$1,000	(Plant and Equipment)
Earthmoving Equipment	\$1,000	(Plant and Equipment)
Elevator Platform	\$1,000	(Plant and Equipment)
Miscellaneous Plant	\$1,000	(Plant and Equipment)
Trailers	\$1,000	(Plant and Equipment)
Turf Equipment	\$1,000	(Plant and Equipment)
Vehicle Commercial	\$5,000	(Plant and Equipment)
Vehicle Other	\$5,000	(Plant and Equipment)
Vehicle Passenger	\$5,000	(Plant and Equipment)

* Community land includes landscaping and other improvements.

** Community amenities include playgrounds, park furniture, public toilets, car parks, fencing, reserve lighting, sporting facilities, irrigation and watering systems.

*** As part of componentisation of the building, the building interior such as internal fitout and building services such as hydraulics (plumbing) and mechanical services (air conditioning and elevators) are included in this financial asset category.

A comprehensive listing of asset groups contained within each asset category is attached in **Appendix A**.

3. Where the value of individual assets fall below the asset threshold for capitalisation, but the assets form part of a network or asset group such as for park furniture on a reserve, consideration will be given to capitalising the individual asset based on whether the aggregate value of those assets exceeds the capitalisation threshold. Assets to be considered will be referred to the Manager Financial Services and/or Asset Management Lead in conjunction with the asset owner for a determination.

4. Acquisition costs of assets with less than these values will be treated as operating expenses.
5. Assets should have a useful life of greater than one year in order for the expenditure to be capitalised.
6. All capitalised expenditure is to be recorded in Council's asset register and shall be properly identified, recorded and classified. For each asset, a determination shall be made of its total life, remaining useful life, cost for accounting purposes and method of depreciation.
7. Asset details shall be kept in Council's financial asset register for all capitalised assets. Furniture and Fittings shall be maintained in the Major asset register, Plant and Equipment in the Fleet asset register and all Infrastructure assets including Land and Buildings in the Infrastructure asset register. Accuracy of details supporting capitalised assets shall be the responsibility of the asset officer assigned to that asset. The relevant asset officer will be responsible for communicating to the Divisional Accountant AMS and Asset Accountant any changes to the Major and/or Infrastructure asset register in a timely manner.
8. Assets specifically excluded from capitalisation include directional and informational signage, trees, land under roads and library books.
9. All assets recorded in the fixed asset register will be correctly entered and maintained according to the information management principles applicable such as their specific Asset Class, Asset Category and Asset Group.

3.2 Acquisition of Assets

Assets acquired by Council shall be recorded using the cost method of accounting which is the fair value given as consideration plus costs incidental to acquisition including architect's fees, engineering fees and all other costs incurred in preparing the asset ready for use.

3.3 Internally Constructed Assets

The cost of assets constructed by Council shall include the cost of all materials used in construction, direct labour employed and an appropriate proportion of variable and fixed overheads.

3.4 Revaluation of non-current Assets

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. All infrastructure assets, land and buildings shall be revalued on a regular basis such that the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.

The asset officer responsible for the maintenance and accuracy of the data relevant to the asset information in the asset register shall with the Asset Accountant be responsible for ensuring revaluations occur regularly in accordance with AASB13.

3.5 Assets Registers

Registers of all assets shall be maintained and shall record individual assets in sufficient detail as to permit their identification and control. The assets registers shall be updated at least annually. The assets registers shall be used for the purpose of revaluing and depreciating assets and for stocktaking. A stocktake of all plant and equipment, including computer equipment, shall be conducted at least every 2 years. A stocktake of inventory shall be conducted every year.

3.6 Register of Attractive Portable Items – IT asset register

- (a) A register of items which are attractive and portable shall be maintained for the purpose of controlling and safeguarding items which by their nature are at risk of loss.
- (b) A stocktake of such items shall be conducted at least every 2 years.
- (c) Attractive portable items are items which are more likely to be subject to loss due to theft or misplacement and shall include items such as cameras, portable TVs, videos and communication equipment. This register will not only include assets which are capitalised but also those that fall below the threshold for capitalisation. The justification for inclusion and separate identification in the register pertains to the assets qualities of portability and potential high risk of loss given their attractiveness.

3.7 Impairment of Assets

Assets will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use). For assets whose economic benefits are not dependant on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use (infrastructure assets) is the depreciated replacement cost.

3.8 Contributed assets

An item of Property, Plant and Equipment may be gifted or contributed to the council. As per AASB116 the cost of the item is its fair value as at the date it is acquired.

3.9 Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Straight line depreciation is the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Asset officers are responsible for reviewing the useful lives of assets they have responsibility for annually and advising the Asset Accountant of any changes.

3.10 Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised.

4. Definitions

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

APPENDIX A

Financial Asset Class		Financial Category	Asset	Financial Asset Attribute
Land	L	Community Land	L1	Parks and reserves Screens, Medians & Traffic Devices Custody Land Easements
		Non Community Land	L2	Commercial Land (rent/lease) Council Occupied Land Screens, Medians & Traffic Devices Easements
Buildings	B	Community Amenities	B1	Playgrounds Park Furniture Sporting facilities Public Toilets Car parks Memorials and heritage structures Irrigation & Watering systems Fencing Park Structures Reserve Lighting
Buildings	B	Community Buildings	B2	Halls Community Centres Libraries Kindergartens Grandstands Storage/Groundsman Sheds Sporting Clubrooms Sporting Change rooms Museum Buildings
Buildings	B	Council Occupied Buildings	B3	Council Occupied buildings
Buildings	B	Commercial Properties	B4	Commercial properties Kiosks
Buildings	B	Accommodation	B5	Aged Accommodation

Financial Asset Class		Financial Category	Asset	Financial Asset Attribute
		Buildings		
Buildings	B	Street Furniture	B6	Bus shelters
				Street lighting
				Street signs
				Iconic Signs
				Fencing
				Traffic Pedestrian Lights
Furniture and fittings	F	Computer Equipment	F1	Software
				Laptop
				Modem
				Monitor
				Multi Function Device
				Network
				Other computer equip
				Printer
				Processor
				Scanner
				Server
				Fax
				Phone
Furniture and fittings	F	Office furniture	F2	Desks/Tables
				Chairs
				Cabinets
				Trolleys
				Décor items
Furniture and fittings	F	Office Equipment	F3	Whiteboards
				Noticeboards
				Projectors
				Microfiche
				Photocopiers
				Televisions
				Cameras
				Audio Equipment
				Recreational Equipment
				Specialized Office Machine
				VCR
Furniture and fittings	F	Domestic Equipment	F4	Pie warmers
				Urns
				Refrigerator

Financial Asset Class		Financial Category	Asset	Financial Asset Attribute
				Heaters
				Kitchen Appliances
				Floor Cleaning Equipment
				Dishwasher
				Oven
				Microwaves
				Washing Machine
Furniture and fittings	F	Fixtures and Fittings	F5	
				Curtains/Blinds
				Lighting
				Cupboards/Shelving
				Air-conditioning (free standing)
				Lockers
				Partitioning
Plant and Equipment	P	Chipper	P1	Chipper Wood Large
				Chipper Wood Small
Plant and Equipment	P	Earth Moving	P2	Loader Front End
				Loader Backhoe
				Roller Road
				Bobcat
Plant and Equipment	P	Elevating Platform	P3	Elevating Platform Self Propelled
Plant and Equipment	P	Miscellaneous	P4	Miscellaneous
				Compressor Air
				Pump Water
				Cleaner vacuum
				Cleaner water
				Line marker
				Spray unit
				Tank water
				Welder
Plant and Equipment	P	Trailer	P5	Caravan
				Toilet Mobile
				Trailer General

Financial Asset Class		Financial Category	Asset	Financial Asset Attribute
				Trailer Implement
				Trailer Loader
				Trailer Tool
				Trailer Rubbish
Plant and Equipment	P	Turf Equipment	P6	Roller Turf
				Tractor
				Mower Gang
				Mower Reel
				Mower Ride On
				Mower Self Propelled
				Mower Slasher
				Mower Spin-cut
Plant and Equipment	P	Vehicle Commercial	P7	Bus
				Truck 2 Tonne
				Truck 3 Tonne
				Truck 5 Tonne
				Truck 6 Tonne
				Truck 8 Tonne
				Utility
				Van
Plant and Equipment	P	Vehicle Other	P8	Truck Elevating Platform
				Truck Special body
				Motor Cycle
				Forklift
				Sweeper Road
				Mobile Crane
Plant and Equipment	P	Vehicle Passenger	P9	Sedan
				Station Wagon
Bridges	I	Bridges	I1	Headwall
				Ornamental
				Pedestrian
				Shared use
Footpaths		Footpaths	I2	Beach accessways
				Pram Ramps
				Reserves

Financial Asset Class		Financial Category	Asset	Financial Asset Attribute
				Shared Use
				Stairs
				Walkways
Roads		Roads	13	Base
				Carparks
				Kerbing
				Seal
				Traffic Control
				Sub Base
Recycled Water		Recycled Water	14	Bore
				Water meters
				Pipes
				Pump Stations
Stormwater		Stormwater	15	Drains
				GPT's
				Inlet outlet structures
				Pits
				Pond lakes basins
				Pump Stations