

CENTRAL COAST REGIONAL DISTRICT
POLICIES

F-13 - Capitalization

Preamble: The regional district's auditors, PMT Chartered Accountants, have recommended that a capitalization policy be put in place to determine when a purchase should be expensed and when it should be included as an asset. They further recommend that a threshold be established above which purchases should be treated as capital additions.

Purpose: The purpose of this policy is ensure consistent treatment of purchases and to appropriately establish a threshold. **It will also comply with Public Sector Accounting Board (PSAB) handbook section PSAB 3150**

Policy: It is the policy of the Central Coast Regional District to capitalize assets when the useful life is greater than one year and the costs of acquisition exceeds the threshold of \$1,000.

Definition: Tangible Capital Assets are non-financial assets having physical substance that:

- (i) Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- (ii) have useful economic lives extending beyond an accounting period;
- (iii) are to be used on a continuing bases; and
- (iv) are not for sale in the ordinary course of operations.

TCAs and Amortization:

Tangible Capital Assets are recorded at cost in the General Capital Fund and Water Capital Fund. Contributed TCAs are recorded at fair value at the date of contribution. The regional district amortizes its tangible capital assets as follows:

Buildings	4%	Paving	5%
Furniture and equipment	20%	Water Distribution System	4%
Parks and Recreation	20%		

Groups/Classes of assets:

Where individual asset items are less than the capitalization limit, but when multiple identical or interrelated components are purchased and when added together and the dollar amount then exceeds the threshold, that group or class of assets will be capitalized.

Authorization:

The final determination of operational vs. capital expenditures rests with the CFO. Pursuant to the regional district's purchasing policy, all capital assets must be approved by the CFO prior to purchase.

Adopted: September 8, 2011

Proposed Amendment: May 14, 2015

Board Meeting
 MAY 14 2015
 CCRD ITEM E(e)