

Scott Point Waterworks District



Policy Number: 011

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Capital Expenditure Accounting Policy

Applicable to: Trustees, Bookkeepers and Auditors of Scott Point Waterworks District

In accordance with Public Sector Accounting Board guidance, the District is required to have a policy regarding the capitalization and amortization on expenditures on capital assets. Tangible Capital Assets currently carried on the balance sheet must be valued and their estimated useful lives determined to allow for appropriate depreciation charges to be entered into the Financial Statements.

Additions to the capital asset base of the District shall be treated as follows:

1. Expenditures shall be evaluated on a case-by-case basis by the Trustees to determine whether they constitute an addition to the asset base of the system or extend the useful life of the system.
2. If the expenditure meets the above definition, it should be treated as a capital expenditure and should be entered into the balance sheet accounts that make up the Statement of Financial Position and amortized over its estimated useful life. Guidance is provided by the Public Sector Accounting Board as to the appropriate useful life of different categories of expenditure typically experienced by water improvement districts.
3. Information relating the amount of any capital expenditures should be provided to the accountants and auditor on a regular basis, along with the approximate useful life over which the asset is to be amortized.