



# TOWN OF RAYMOND

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Adopted by: Council

Motion Number: 07-229

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Authority to Administer: Chief Financial Officer

Policy Number: GP - 2017-06

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## Policy Name

Tangible Capital Assets

## Policy Purpose

The purpose of the policy is to provide direction for recognizing and recording Tangible Capital Assets (TCA) on a consistent basis and in accordance with the Public-Sector Accounting Board (PSAB) 3150.

A number of recommendations for TCA have been established by Alberta Municipal Affairs and Housing (AMAH). These recommendations will be adopted by the Town.

## Policy Definitions

Tangible Capital Asset -

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

1. Are used on a continuous basis by the Town
2. Have useful economic lives extending beyond one year
3. Are not for resale in the ordinary course of operations

Subsequent expenditures on a recorded TCA that:

- Increase output or service capacity
- Increase the service life
- Lower associated operating costs
- Improve the quality of the output

should be classified as betterments and capitalized accordingly. Any other expenditure should be considered a repair or maintenance and should be expensed in the period.

## Amortization:

The cost, less any residual value of a TCA with a limited life should be amortized over its useful life in a rational and systematic manner. The amortization method and estimate of useful life of the remaining unamortized portion should be reviewed on a regular basis (as outlined in the table below or more frequently if needed) and revised when the appropriateness of a change can be clearly demonstrated.

**Scope:**

This policy addresses the following:

- Asset classifications (major and minor)
- Capitalization threshold for each asset classification
- Amortization method to be used
- Review schedule

The following table\* shows the classes, capitalization thresholds and amortization method to be used:

<b>Major Asset Class</b>	<b>Minor Asset Class</b>	<b>Capitalization Threshold</b>	<b>Amortization Method</b>	<b>Review Schedule</b>
Land		All Land will be recorded	N/A	N/A
Land Improvements		\$5,000.00	Straight Line	Every 3 years
Buildings		\$10,000	Straight Line	Every 5 years
Engineered Structures	Roadway System	\$10,000	Straight Line	Every 5 years
	Water System	\$10,000	Straight Line	Every 5 years
	Wastewater System	\$10,000	Straight Line	Every 5 years
	Storm System	\$10,000	Straight Line	Every 5 years
Machinery and Equipment		\$5,000	Straight Line	Every 5 years
Vehicles		\$5,000	Straight Line	Every 3 years
Cultural and Historical		N/A	N/A	N/A

\*Where the above table cannot be used, the auditor for the Town will be consulted to assist in the establishing the correct accounting procedures for a TCA.