

VILLAGE OF BEISEKER
POLICY

NAME: Tangible Capital Assets –
Classification/Capitalization Threshold/Amortization

POLICY: # J – 20

DEPARTMENT: All

RESPONSIBILITY: CAO

APPROVED BY
COUNCIL: Date: February 11, 2008 Resolution:

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 Public Sector Accounting Board (PSAB) 3150.

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

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

- Are used on a continuous basis by the Village.
- Have useful economic lives extending beyond one year
- 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 shall 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.

The percentage of amortization of an asset in the year of purchase and the year of disposal will be 50%.

Scope:

This policy addresses the following:

- Asset classifications (major & 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:

Major Asset Class	Minor Asset Class	Capitalization Threshold	Amortization Method	Review Schedule
Land		All recorded	N/A	N/A
Land Improvements		\$ 5,000.00	Straight line	3 years
Buildings		\$ 10,000.00	Straight line	5 years
Engineered Structures	Roadway System	\$ 10,000.00	Straight line	5 years
	Water System	\$ 10,000.00	Straight line	5 years
	Wastewater System	\$ 10,000.00	Straight line	5 years
	Storm System	\$ 10,000.00		5 years
Machinery & Equipment		\$ 5,000.00	Straight line	3 years
Vehicles		\$ 5,000.00	Straight line	3 years
Cultural & Historical		N/A	N/A	N/A

*Where the above table can not be used, the auditor for the village will be consulted to assist in establishing the correct accounting procedures for a TCA.