

Community Government of Wha ti
Tangible Capital Assets
Approved by Council: September 8, 2010

Resolution #: 71-10

Purpose:

To comply with the new accounting standards recommended by Public Sector Accounting Board (PS3150).

Definitions:

Tangible Capital Assets

Assets have physical substance that;

- are used on a continuing basis
- have useful lives extending beyond one year
- are not held for re-sale in the ordinary course of operations

Betterments

Subsequent expenditures on tangible capital assets that;

- increase physical output or service capacity
- lowers related operating costs
- extends the useful life of the asset
- improves the quality of the output

Fair Value

The amount of consideration that would be agreed upon by an arm's length individual who was knowledgeable and a willing not under compulsion to act.

Capital Lease

Capital lease is a lease which transfers substantially all the benefits and risks of the property.

Asset Classification:

Major Assets:

A – Land - includes land purchased or acquired for value for parks, recreation, building sites and infrastructure, but not land for resale.

B – Land Improvements –included are all improvements of a permanent nature to land such as parking lots, landscaping, lighting, pathways and fencing.

C – Buildings – permanent, temporary or portable building structures, such as offices, garages, warehouses, and recreation facilities intended to shelter persons and/or goods, machinery, equipment and working space.

D – Engineered Structures – permanent structural works

- i) Roadways – includes roads, bridges, lights, sidewalks and signage.
- ii) Water systems – includes intake, distribution, storage and treatment of water

iii) Wastewater systems – includes assets for collection and treatment of non-potable water

E – Machinery and equipment – heavy equipment, small equipment in building and offices, furnishing, computer hardware and software.

F – Vehicles – Motorized equipment for transportation purposes.

G – Cultural and historical assets – works of art and historical treasures that have cultural, aesthetic or historical value that is worth preserving. These assets are not recognized as tangible capital assets in the financial statements, but the existence of such property should be disclosed.

Capitalization Threshold:

- 1) All land
- 2) All buildings
- 3) Infrastructure systems of \$25,000 or greater
- 4) All other items of \$5,000 or greater

Valuation:

Tangible capital assets will be recorded at cost plus all cost needed to bring the asset to the intended location and to a condition for use.

Contributed assets that meet the criteria of tangible capital asset should be recorded at their fair value at the date of contribution.

Amortization:

The cost, less any residual value, should be amortized over its useful life.

A straight-line method will be used for calculating the annual amortization. In acquisition year 50% of the annual amortization amount is recorded.

Estimated Useful Life by Asset Classification:

Land Improvements

Parking lot	
Gravel	15 years
Asphalt	25 years
Playground Structures	15 years
Outdoor lighting	20 years

Buildings

Permanent Structures	50 years
Portable Structures	25 years

Engineering Structures

Wastewater, Water and Storm Systems

Distribution & Collection system	30 years
Pump, lift and transfer stations	45 years
Lagoons	45 years

Roadway systems

Bridges	75 years
Roads and streets (gravel)	25 years
Roads and streets (asphalt)	40 years
Guard rails	30 years
Sidewalks	30 years

Vehicles 10 years

Machinery and Equipment

Heavy equipment	10 years
Fire trucks	20 years
Communications (Radios and telephone systems)	10 years
Tools and Shop equipment	15 years
Furniture	10 years
Office equipment (ie: photocopier)	5 years
Computer systems	
Hardware	3 years
Software	10 years

Approved by Council this 8th day of September, 2010

(Chief Alfonz Nitsiza)

(Randy Bergen)

Chief

SAO