

Tangible Capital Asset Policy



Section	Date	By-Law Number	Page	Of
Administration & Finance	August 13, 2013	80-2013	1	23
Subsection	Repeals By-Law Number		Policy Number	
Tangible Capital Asset	140-2010		AF-6-1	

Purpose

The goal of this policy is to provide direction for ensuring that the City's tangible capital assets are recorded appropriately and accurately, and to prescribe the accounting treatment for those assets.

This policy does not apply to intangible capital assets, natural resources or Crown lands that have not been purchased by the City. Nor does this policy apply to assets over which the City does not exercise control.

Tangible capital assets are a significant economic resource and a key component in the delivery of programs and services. The benefits from capitalizing tangible capital assets include:

- Maintain appropriate accountability for government-owned tangible capital assets;
- Ensure accounting consistency across the organization;
- Ensure efficient and effective use of assets; and
- Provide information that will support measuring the cost of programs and services.

Definitions

Amortization - is an accounting concept in which the recorded cost of an asset is distributed in a systematic and rational manner over its estimated useful life and matches the cost of that asset to the periods in which service is derived from the asset.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	2	23

Betterment - is a subsequent expenditure on a tangible capital asset, in excess of the relevant threshold, that will do one or more of the following:

- Substantially increase the previously assessed physical output or service capacity;
- Significantly lower associated operating costs (efficiency);
- Substantially extend the useful life of the asset; or
- Significantly improve the quality of the output.

Any other expenditure would be considered a repair or maintenance and expensed in the period.

Capital project - is an activity during which expenditures are incurred that result in the creation of a capital asset.

Capital lease - is a lease with contractual terms that transfer substantially all the benefits and risks inherent in ownership of property to the City. For substantially all of the benefit and risks of ownership to be transferred to the lessee, one or more of the following conditions must be met:

- a. There is reasonable assurance that the City will obtain ownership of the leased property by the end of the lease term. Reasonable assurance that the City will obtain ownership of the leased property would be present when the terms of the lease would result in ownership being transferred to the government by the end of the lease term or when the lease provides for a bargain purchase option.
- b. The lease term is of such duration that the City will receive substantially all of the economic benefits expected to be derived from the use of the leased property over its life span. Although the lease term may not be equal to the economic life of the leased property in terms of years, the City would normally be expected to receive substantially all of the economic benefits related to the leased property if the lease term is equal to a major portion (usually 75 percent or more) of the economic life of the leased property. This is due to the fact that new equipment, reflecting later technology and in prime condition, may be assumed to be more efficient than old equipment which has been subject to obsolescence and wear.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	3	23

c. The lessor would be assured of recovering the investment in the leased property and of earning a return on the investment as a result of the lease agreement. This condition would exist if the present value, at the beginning of the lease term, of the minimum lease payments, excluding any portion thereof relating to executory costs, is equal to substantially all (usually 90 percent or more) of the fair value of the leased property, at the inception of the lease.

Contributed assets - are capital assets, such as developer constructed services in new subdivisions (i.e. water, sewer or roads infrastructure) acquired without cash outlay.

Control - of an asset is achieved when the City:

- Manages and operates the asset;
- Is responsible for the asset's performance, availability and maintenance;
- Has total use of the asset or can control access to the benefit the asset provides;
- Has legal responsibility and liability with respect to the asset
- Is the beneficiary of all or nearly all the future economic benefits from the asset
- Is responsible for renewal and replacement of the asset
- Bears all risk of obsolescence, environmental liability, uninsured damage or condemnation of the asset

Fair value - is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable and willing parties (buyer and seller) who are under no compulsion to act. Fair value would be used to assign an amount to a donated asset received by the City.

Historical cost - of an asset is the amount of consideration given up to acquire, construct, develop or better an asset and includes all costs directly attributable to acquisition, construction, development or betterment of the asset including installing the asset at the location and in the condition necessary for its intended use. Historical cost is generally determined using the actual original cost. Where actual original cost information is not available, an estimated original cost may be used.

Policy Number	Page	Of
AF-6-1	4	23

"In Service" Date - is realized as the date at which an asset begins to be used by the City. The calculation and recording of amortization will not begin until the "in service" date has been reached.

Infrastructure - is composed of linear assets and their associated specific components generally constructed or arranged in a continuous and connected network. Linear assets may include transportation components like roads, bridges and storm sewers or environmental asset components such as water distribution systems and waste water treatment systems.

Land - is the surface or crust of the earth that is used to support structures and purchased or acquired for value, for building sites, infrastructure (roadways, bridges, water or sewer mains, etc.) and other program use but not land held for resale. Land normally has an unlimited life and is not amortized.

Leasehold improvements and / or betterments - are improvements to leased assets that do not qualify under the definition of a capital lease.

Maintenance - is a recurrent expenditure, whether it be periodically or regularly required, that keeps an asset in a condition that helps maintain or ensure realization of the future economic benefits that are expected from the asset over its initially assessed useful life.

Pooled assets - are assets that have a value below the capitalization threshold when considered on an individual basis but that collectively make up a significant group of assets which exceeds the relevant threshold level (for example, computers, street lights, furniture, small moveable equipment, etc.). Pooled assets are recorded as a single asset with one combined value, although each unit may be recorded in the asset sub-ledger for monitoring and control of its use and maintenance.

Residual value - is the estimated net realizable value of a tangible capital asset at the end of its useful life.

Site improvements - consist of betterments and site preparation that ready land for its intended use, such as parking lots, landscaping and fencing, and are usually exhaustible and amortized.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	5	23

Straight-line method - is the preferred method of amortization in which the periodic charge is computed by dividing the cost base of the asset by its estimated useful life.

Tangible capital assets - are non-financial assets having physical substance that are acquired, constructed or developed and:

- 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;
- Have useful lives extending beyond one year;
- Are intended to be used on a continuing basis in the City's operation's; and
- Are not intended for sale in the ordinary course of operations.

Software is considered to be a tangible capital asset for the purpose of this definition.

Threshold - is generally the minimum cost that an individual asset must have before it is to be treated as a tangible capital asset. The threshold amount is to be used as a guide in addition to professional judgement.

Useful life - is the estimate of either the period over which a tangible capital asset is expected to be used by the City, or the number of production or similar units that can be obtained from the tangible capital asset by the City. An asset will most likely be removed from service when it is no longer economically viable. Useful life is normally the shortest of the asset's physical, technological, commercial or legal life.

Control

Tangible capital assets are economic resources controlled by an entity as a result of past transactions or events and from which future economic benefits may be obtained. The City must therefore exercise control of an asset before it can be reported in the capital asset records of the City. In addition the transaction or event giving rise to the City's right to, or control of, the benefit must have already occurred.

It is not essential for control of access to the benefit to be legally enforceable for a resource to be an asset, provided the entity can control its use by other means.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	6	23

Valuation

The cost of a tangible capital asset is the gross amount of consideration given up to acquire, construct, develop or better that asset. It includes direct construction or development costs (such as materials and labour) and overhead costs directly attributed to the acquisition, construction or development of the asset and, includes costs to place the asset in its intended location and condition for use. Asset costs may include, but are not limited to:

- Amounts paid to vendors, excluding refundable taxes;
- Transportation / freight charges to the point of initial use;
- Installation;
- Site preparation costs;
- Handling and storage charges;
- Direct design/production costs such as labour, equipment rentals, materials and supplies;
- Engineering, architectural and other outside services for designs, plans, specifications and surveys;
- Acquisition and preparation costs of buildings and other facilities;
- Fixed equipment and related installation costs required for activities in a building or facility;
- Direct costs of inspection, supervision and administration of construction contracts and work;
- Legal and recording fees and damage claims;
- Fair values of land, facilities and equipment donated;
- Appraisal costs;
- Advertising costs;
- Application fees;
- Supervisory fees
- Utility costs;
- Transportation insurance costs; customs and duty charges;
- Interest charges during acquisition, construction or development (up to substantial completion of 90%) or in the case of major projects (up to the issuance of the certificate of substantial completion).

Policy Number	Page	Of
AF-6-1	7	23

Where two or more assets are acquired for a single purchase price, it is necessary to allocate the purchase price to the various assets acquired. Allocation should be based on the fair value of each asset at the time of acquisition or some other reasonable basis if fair value is not readily determinable.

Land

Land normally has an indefinite useful life that exceeds the useful lives of the buildings, roads or structures situated on the land. The cost of acquired land is separated from the other costs of an asset and maintained as a component. The cost of the acquired land is not amortized.

Furniture, Equipment and Technology

Furniture and equipment includes fixed or moveable tangible capital assets to be used for operations, the benefits of which extend beyond one year from date of receipt.

Technology includes computers and consists of hardware and software (canned and customized) that can be considered a component of, is typically attached to, or communicates with an information system. The term encompasses processing units, memory apparatus, input and output devices, storage devices, connectivity equipment, printers and copiers.

Furniture, equipment and technology (FE&T) may be capitalized as pooled assets in conjunction with other asset types in the following situations:

- Construction of a new building;
- Construction of a new building which is a replacement for a currently existing building;
- Construction of a building addition that includes new FE&T;
- Major renovation of a building in which new FE&T is included to replace the existing items;
- Construction of certain major complex network systems (i.e. telephone, computers, servers, printers).

Policy Number	Page	Of
AF-6-1	8	23

Work/Construction In Progress

Work or construction in progress represents the costs incurred to date on a project that is not substantially completed. Work in progress for assets under development or construction must be recorded on the financial statements for the accounting period. All costs associated with these assets that are in the construction phase are to be capitalized. Work in progress is not amortized.

Work in progress balances must be reconciled and the appropriate transfers from work in progress made to completed assets or written off to ensure that only active and incomplete work in progress is carried forward to the next period. The reconciliation should be done quarterly or at a minimum must be done annually.

For major projects, work in progress should be transferred to a tangible capital asset once the architect, engineer or consultant has confirmed substantial completion. When a project has distinct, multiple, completely self-contained phases that will be brought into production or use at different points of time, those individual phases will be transferred to capital assets at the time they are put into service.

If an incomplete project is terminated or put on hold indefinitely, any costs currently recorded as work in progress must be expensed unless there is an alternative use for the asset.

Capitalization of Interest Costs

Borrowing costs incurred by the acquisition, construction and production of an asset that takes a substantial period of time to get ready for its intended use should be capitalized as part of the cost of that asset.

Capitalization of interest costs should commence when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalization should be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use are complete.

Policy Number	Page	Of
AF-6-1	9	23

Contributed Assets

A tangible capital asset may be gifted or contributed by an external third party with no cash outlay. Where an asset is acquired at no cost or for nominal value, the amount recognized should be equal to its fair value as at the acquisition date. Fair value may be estimated using market or appraised values. When an estimate of fair value cannot be reasonably estimated, the asset will be recognized at its nominal value.

Heritage Assets

Heritage assets are works of art and historical treasures considered irreplaceable and preserved in trust for future generations. Collections or individual items of significance (i.e. paintings, historical pieces and / or structures that are owned by Kenora and not held for financial gain but rather for public exhibition, education or research in furtherance of public service) may be considered heritage assets. Heritage assets will not be recognized as tangible capital assets in financial statements, but the existence of such property should be disclosed. Amortization of heritage assets does not apply as the economic benefit or service potential of heritage assets are used up so slowly and the estimated useful lives are extraordinarily long. Due to the cultural, aesthetic or historical value, the City applies efforts to protect and preserve the asset indefinitely.

Accounting for Assets

All tangible capital assets and amortization must be identified and valued using an appropriate cost base; namely, historical cost. Departments should consider reasonableness and materiality in their approach. Where practical and cost effective, existing tangible capital assets will be valued using historical costs adjusted for the proportion of the useful life of the asset that has already been consumed through the establishment of a provision for accumulated amortization.

Where it is not practical and cost effective to establish a reasonable estimate of historical cost, departments may use appraised or some appropriate measure of current value and extrapolate back to estimate historical cost using relevant price/cost index. In the case where the year the asset was constructed or acquired is unknown, an estimate of the number of years remaining and the current value of the asset, working backward an estimated year and value can be determined.

Policy Number	Page	Of
AF-6-1	10	23

Tangible capital asset classifications that were historically established on whole asset or pooled asset approaches may be recorded using a component approach on a "go forward" basis.

Recognition

A tangible capital asset shall be recognized when it is probable that future benefits associated with the asset will be obtained, there is an appropriate basis of measurement and a reasonable estimate of the amount can be made. The recognition and valuation of an asset is based on its service potential. The acquisition date of an asset is the earliest of the date on which the asset being constructed is complete and ready for productive use. In the case of contributed assets, this date shall be the date of initial acceptance by the City.

Capitalization Threshold

Capitalization threshold relates to the minimum dollar threshold that is used to assist in determining which expenditures will be capitalized as assets and amortized and which expenditures will be treated as current year expenses. The capitalization thresholds have been set out in the Category and Sub-category table at the end of this policy.

Pooled Assets

When the value of an individual item is less than the threshold level, but upon acquiring several of these assets in a single purchase or when these costs are aggregated for the fiscal period, the asset makes up a significant group that exceeds the threshold level then they must be capitalized. Assets to be pooled have been set out in the Category and Sub-category table at the end of this policy.

Controlled Assets

Controlled assets are assets with values below the capitalization threshold for a particular asset classification having a useful life in excess of one year, which at the discretion of the project manager require identity and control. It is mandatory that each project manager maintains a written listing of controlled assets. Such assets must be identified and controlled because of their sensitive, portable or theft-prone nature. Controlled assets are similar to capitalized assets except that these assets are expensed in the year of purchase and not capitalized.

Policy Number	Page	Of
AF-6-1	11	23

Controlled assets are subject to the same requirements regarding security, maintenance and utilization and must be inventoried on a regular basis due to the nature of the item. Examples of controlled assets include specialized tools and equipment.

Complex Assets

For purposes of capitalization and amortization, the two methods of defining a capital asset are the whole asset approach and the component approach. The whole asset approach considers an asset to be an assembly of connected parts. Costs of all parts would be capitalized and amortized as a single asset by year of acquisition. For example a computer network or a building may be considered as single assets.

Under the component approach different components are individually capitalized and amortized. For computers, the servers, routers, lines and software may be listed as individual assets. For buildings, the roof, foundation, HVAC and framing may be components.

Either approach is equally acceptable. In certain circumstances, it is appropriate to allocate the total disbursement on an asset to its component parts and account for each component separately. This is the case when the component assets have different useful lives or provide economic benefits or service potential to the entity in a different pattern, thus necessitating use of different amortization rates. Additional factors that may influence the choice of method include:

- Significance of amounts;
- Quantity of individual asset components (volume);
- Availability of information with respect to specific components;
- Specific information needs of management for decision-making and asset control purposes.

Useful Life

The estimated useful lives of the City's tangible capital assets have been set out in the Threshold and Useful Life tables at the end of this policy. The economic or physical life of an asset may extend beyond the useful life of an asset. Depending on the nature of the asset, useful life may be expressed in terms of time (years or machine hours) or output (production or service units).

Policy Number	Page	Of
AF-6-1	12	23

Estimating useful lives of assets is a matter of judgment based on experience and should be applied on a consistent basis. Factors to be considered in estimating the useful life include:

- Estimating future usage;
- Technical obsolescence;
- Expected wear and tear through the passage of time;
- Maintenance program;
- Condition of existing comparable items; and
- Studies of similar items retired.

The service potential of an asset is normally consumed through usage. Factors such as obsolescence, excessive wear and tear or other events could significantly diminish the service potential that was originally anticipated from the asset. The estimated useful life of an asset category and remaining useful life of individual assets should be reviewed on a regular basis and revised when appropriate. The rationale supporting the decision to revise useful life estimates of an asset should be documented.

Significant events that may indicate a need to revise the estimated useful life of an asset or its components may include:

- Completion of a major betterment;
- Significant changes in the market value;
- Change in the extent or manner that the asset is used;
- Removal of asset from service for an extended period of time;
- Pattern of differences in levels of maintenance compared to that previously expected;
- Results from engineering testing indicating higher than expected rates of structural deterioration;
- Major physical damage or destruction;
- Significant technological developments;
- Significant increases in operating costs that may dictate an earlier than originally anticipated retirement; and
- Changes in government programs or regulations, policies, standards, environment or public preferences impacting the expected use of assets;

Examples of anticipated asset useful lives have been set out in the Category and Sub-category tables at the end of this policy. These are for illustration purposes only. Specific reference should be made to the Tangible Capital Asset Procedures for determining appropriate useful lives for City tangible capital assets.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	13	23

Betterment vs. Maintenance

Betterment

Betterments are considered to be capital asset additions for the assets to which they relate and should be recorded as a sub category to the main asset.

Maintenance

Maintenance expenditures are costs to keep the condition of an asset at its expected operating standard. These expenditures are usually incurred on a more or less continuous basis. Costs that do not increase the original assessed useful life, service capacity or quality of output would be expensed as incurred.

Types of Betterment

Replacement

Replacements involve removal of component parts and substitution of a new part or component of essentially the same type and performance capabilities. If the component being replaced had been previously segregated in the accounting records as a distinct asset for amortization over its specific expected useful life, then the new component is capitalized and the old component is retired with its residual net book value removed from the accounts.

If, on the other hand, the component being replaced was not significant enough to be previously segregated from the whole property as a distinct asset, then the replacement is normally considered a repair and the costs are expensed as incurred. If the replacement of the component results in an enhancement of the service potential of the property as a whole, the replacement is considered betterment and the costs are capitalized. Enhancements to service potential only result from replacements which extend the useful life of the property as a whole, increase the capacity or usage of the property, improve the quality of the property to a higher building class or improve the overall operating efficiency of the property.

Additions

Additions are made to an existing asset to extend, enlarge or expand the existing asset. As additions increase service capacity or physical output of a property, they are betterments. The costs of additions should be capitalized.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	14	23

Upgrades

Upgrades involve the removal of a major part or component of an asset and the substitution of a different component having significantly improved performance capabilities beyond the property's original design standard.

An upgrade increases the overall efficiency (i.e. increasing utilization, lowering operating costs, or increasing output of service), quality (i.e. transforms the asset into a higher class property) or extends expected service life of an asset. The costs of upgrades are capitalized.

Rearrangements

Rearrangements are the re-installation or re-routing of asset components to achieve greater service efficiency or effectiveness of the asset. It is a change in the internal arrangement or other physical characteristics of an existing asset so that it may be effectively used. Re-arrangements of a building that increase service capacity or physical output meet the definition of betterment and should be capitalized as part of the building. The cost of a highway realignment to achieve a more efficient traffic flow would be capitalized provided the efficiency gain is measurable and documented.

Factors Affecting Asset

When tangible capital assets are taken out of service, destroyed or replaced due to obsolescence, scrapping or dismantling, the department head or designate must notify the Deputy Treasurer of the asset description and effective date. The Finance department is responsible for adjusting the asset registers and accounting records recording a loss / gain on disposal.

Trade In

A trade in occurs when an asset is disposed and replaced with a new asset through the same supplier in the same transaction. This transaction should be accounted for as two separate entries. The trade in value should be treated as proceeds of disposal and is used in calculating the gain or loss on the disposal of the assets being traded in. The new asset acquired is recorded at its full cost, excluding the trade in value for the old asset.

Disposal

Disposals of tangible capital assets in the accounting period may occur by sale, destruction, loss or abandonment. The difference between the net proceeds on disposal of a tangible capital asset and the net book value of the asset should be accounted for as a revenue or expense in the statement of operations.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	15	23

Where the pool of assets has been fully amortized, the amount for the year must be written off. This deemed disposition takes place the year following the final year in which amortization is posted for the asset pool.

On disposal of an asset, the historical cost and accumulated amortization must be removed from the books. The disposal shall be documented. The difference between the net proceeds on disposal and the net book value must be recorded in the Statement of Operations as a gain or a loss for the accounting period.

Write Down/Off

When conditions indicate that a tangible capital asset no longer contributes to the City's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value.

A write down is used to reflect a partial impairment in the value of an asset. A write off is used to reflect total impairment in the value of an asset. Capital assets are written off in instances where they are destroyed, stolen, lost, sold or obsolete. The write off of an asset requires approval by a properly authorized officer. Any abandoned or indefinitely postponed projects must be written down to their net realizable value and charged to the period in which the abandonment or indefinite postponement occurs. When the reduction in the value of the asset can be objectively estimated and it is expected to be permanent, the asset must be written down.

Conditions that indicate a write down is necessary may include a change in the manner or extent to which the asset is used:

- Removal of the asset from service;
- Physical damage;
- Significant technological developments;
- A decline in, or cessation of the need for the service provided by the asset;
- A decision to halt construction of the asset before it is complete or in useable or saleable condition; or
- A change in the law or environment affecting the extent to which the asset can be used.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	16	23

Amortization

The City will use a straight-line method for calculating the annual amortization in most situations. Amortization is normally based on the total cost of the asset less its residual value. Where the residual value of the asset is significant then it should be factored into the calculation of amortization. Otherwise the City shall assume there is no residual value for that asset. Amortization will start as soon as an asset is completed and ready for use. The City shall only book 50% of calculated amortization in the first year if the date of service/purchase is not known. Otherwise amortization will be calculated from the in-service date of the asset.

Straight-Line Method of Amortization

The straight-line method of amortization is calculated by dividing an asset's original cost, net of any anticipated residual value, by its estimated life in years yielding a constant annual depreciation amount each year.

Unit of Output Method of Amortization

The unit of output method of amortization determines amortization based on asset output by dividing an asset's cost by its total expected productive output. The amortization cost per unit is then multiplied by the actual production to the inventory date to determine the accumulated amortization of that asset. The amortization cost applied to units of service costs will vary as service outputs increase or decrease from year to year. This method may be used in the situation where the City has invested in an asset that will deteriorate based on its usage and is designed to produce a finite amount of service, such as a landfill site.

Capital Lease

A capital lease should be valued at the inception of the lease. The value of the leased tangible capital asset and the amount of the lease liability recorded would be the present value of the minimum lease payments, excluding the portion thereof relating to executory costs.

If the lease contains terms that allow ownership to pass to the City or a bargain purchase option, the period of amortization would be the economic life of the property. Otherwise, the property would be amortized over the term of the lease.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	17	23

When a capital lease is recorded, the asset is treated as an acquisition of a capital asset, thereby setting up a liability. A lease may be recorded as an operating lease when the net present value of the future minimum lease payments or fair value, whichever is less, is less than the relevant threshold.

Asset Specifics

Departments

All assets will be assigned to departments within the City. The following is a list of departments that shall be used:

- Corporate Management (CAO's Office)
- Program Support
- Fire
- Police
- Protective Inspection and Control
- Roads – Paved
- Roads – Surface Treated
- Roads – Gravel
- Roads Structures
- Winter Control – Except Sidewalks, Parking Lots
- Winter Control – Sidewalks and Parking Lots Only
- Conventional Transit
- Disabled and Special Needs Transit
- Parking
- Street Lighting
- Docks & Wharfs
- Sanitary Sewer Collection
- Sanitary Sewer Treatment & Disposal
- Urban Storm Sewer System
- Rural Storm Sewer System
- Water Treatment
- Water Distribution
- Waste Collection
- Waste Disposal
- Waste Diversion (Recycling)
- Cemeteries
- Ontario Works

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	18	23

- Child Care
- Parks
- Recreation Programs
- Recreation Facilities
- Libraries
- Museum
- Planning and Zoning
- Economic Development
- Tourism

Categories and Sub-categories

A category of assets is a grouping of assets of a similar nature or function in the City's operations. Generic categories and sub-categories may be applicable to a number of the afore-mentioned departments. The lists of categories and sub-categories to be used, together with the related thresholds, have been outlined in the tables at the end of this policy.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	19	23

Generic Municipal Asset Categories

Category	Sub-Category	Pooled	Threshold \$	Useful Life Years	
Land	Land		Nil	Infinite	
	Land Under Buildings		Nil	Infinite	
	Site Improvements		10,000	25	
Buildings	Landscaping	X	50,000	25	
	Structure		10,000	75	
	Exterior Components		10,000	50	
	Interior Components		10,000	25	
	Mechanical System		10,000	20	
	Electrical System		10,000	20	
	Security System		10,000	20	
	Elevator		10,000	20	
	Site Services		10,000	50	
	Sheds		5,000	10	
	Columbarium		10,000	125	
	Equipment	Computers	X	10,000	3
		Servers	X	10,000	5
Network Infrastructure		X	10,000	5	
Printers		X	10,000	5	
Software		X	10,000	10	
Instrumentation		X	10,000	10	
Tools		X	10,000	10	
Miscellaneous Equipment		X	10,000	10	
Breathing Apparatus		X	5,000	10	
Bunker Suits		X	10,000	10	
Hose		X	10,000	15	
Parking Meters		X	25,000	25	
Parking Ticket Machines		X	10,000	10	
Scales			25,000	25	
Security Systems (not attached to building)		X	10,000	5	
Fleet - Licensed	Light		5,000	12	
	Medium		10,000	15	
	Heavy		15,000	15	
	Trailers	X	5,000	20	
Fleet - Off Road	Light		5,000	7	
	Medium		10,000	15	
	Heavy		15,000	15	
Fleet - Fire	Fire Vehicles		15,000	25	
Docks & Wharfs	Docks		5,000	10	
	Wharfs		50,000	50	

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	20	23

Road Specific Municipal Asset Categories

Category	Sub-Category	Pooled	Threshold \$	Useful Life Years
Roadways	Paved		25,000	25
Roadways	Surface Treated		15,000	15
Roadways	Gravel		10,000	10
Bridges	Superstructure		25,000	50
	Substructure		25,000	15
Sidewalks	Concrete		25,000	50
	Brick		25,000	40
Storm Sewers	Pipe - Conc/PE/PVC		25,000	50
	Pipe - STL		25,000	25
	Culvert - PE/PVC		10,000	50
	Culvert - STL		10,000	20
	Manholes	X	25,000	50
	Catch Basins	X	25,000	50
Miscellaneous	Traffic Signals	X	25,000	20
	Signs	X	25,000	5
	Guide Rails	X	25,000	20
	Streetlights	X	25,000	20

Right of ways and easements are intangible assets and not subject to the provisions of this policy.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	21	23

Water Specific Municipal Asset Categories

Category	Sub-Category	Pooled	Threshold \$	Useful Life Years
Water Mains	Ductile Iron		25,000	60
	Cast Iron		25,000	50
	PVC		25,000	75
	PE		25,000	75
	Valves	X	50,000	75
	Hydrants	X	50,000	75
	Meters - Commercial	X	20,000	15
	Meters - Residential	X	15,000	20
	Treatment Plant	Land		--
Building *				
Low Lift Pumps		X	10,000	50
High Lift Pumps		X	10,000	50
Clarifier			25,000	75
Filter Beds		X	10,000	50
Clear Well			25,000	75
Chemical Systems		X	10,000	25
Instrumentation		X	10,000	15
Intake Pipe			25,000	50
Pumps, Piping & Valving		X	10,000	50
Transformers		X	10,000	40
Back Up Generator			10,000	50
Booster Stations			100,000	75
Tanks			100,000	75

* Use same breakdown, thresholds and useful life information as per the "Generic Municipal Asset Categories" table.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	22	23

Sewer Specific Municipal Asset Categories

Category	Sub-Category	Pooled	Threshold \$	Useful Life Years
Sewer Mains	Concrete		50,000	100
	PVC		50,000	75
	Metal		50,000	25
	Clay Tile		50,000	50
	PE		50,000	100
	Manholes	X	50,000	50
Treatment Plant	Land		--	Infinite
	Building *			
	Bar Screen		10,000	50
	Diffusers	X	10,000	25
	Screw Pump		10,000	50
	Clarifiers	X	25,000	75
	Clarifier Domes	X	10,000	50
	Sludge Press		10,000	50
	Chemical Systems	X	10,000	25
	Instrumentation	X	10,000	15
	Pumps, Piping & Valving	X	10,000	50
	Transformers	X	10,000	40
	Outfall Pipe		10,000	50
	Back Up Generator		10,000	50
Ultra Violet System		25,000	50	
Pumping / Lift Stations			25,000	75

* Use same breakdown, thresholds and useful life information as per the "Generic Municipal Asset Categories" table.

Tangible Capital Asset Policy

Policy Number	Page	Of
AF-6-1	23	23

Solid Waste Specific Municipal Asset Categories

Category	Sub-Category	Pooled	Threshold \$	Useful Life Years
Landfill	Land		--	Infinite
	Capacity		50,000	50
	Site Improvements		50,000	25
Transfer Station	Land		--	Infinite
	Admin / Scale House Building *			
	Weigh Scale		10,000	25
	Recycle Building		10,000	75
	Waste Building		10,000	75
	Recycle Depot		10,000	15
Equipment	Bins	X	15,000	10

* Use same breakdown, thresholds and useful life information as per the "Generic Municipal Asset Categories" table.