



Date: July 21, 2010

City Council Committee Report

To: Mayor Compton & Members of Council

Fr: Charlotte Edie

Re: Amendments to Tangible Capital Asset Policy

Recommendation: THAT Council approve the Tangible Capital Asset Policy #FI-6-1 approved by By-Law #152-2008 as amended.

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

As the process for inventorying and valuing the capital assets unfolded it was discovered that there were more realistic parameters to set for certain assets. As a result we request that the policy be amended to better reflect how the capital assets will be reported and amortized.

As a result the following changes are required to the Tangible Capital Asset Policy:

- **Roadways – after reviewing the policy again the City Engineer determined that the threshold for surface treated roads should be reduced to \$15,000 and the threshold for gravel roads should be reduced to \$10,000 to better reflect additions that are capital in nature. Both these types of roads had a threshold of \$25,000.**
- **Columbariums - these were omitted from the policy initially and we would like to add them to the asset list with a threshold value of \$10,000 and a useful life of 125 years.**
- **Breathing apparatus - we recommend that breathing apparatus additions be pooled. If they are not pooled on an annual basis they would not qualify as capital asset additions.**
- **Land – the category of land should have a separate line for 'land under buildings'. This would allow us to have a separate category for vacant land.**

- **Signs – to better reflect the actual useful life of signs we recommend that the useful life be changed from 20 years to 5 years.**
- **Generators – due to the short life span of generators and their relatively low value we recommend that generators be removed from the capital assets list and that they be accounted for as other tools.**
- **As we use the new capital asset program, City Wide, we are finding that we can amortize new assets in the first year from the date of purchase as opposed to automatically amortizing 1/2 year. Since this improves the accuracy of the amortization and does not require extra work we would recommend that amortization be calculated on this basis in the first year.**

Budget: There is no expected budget impact as a result of this report.

Communication Plan/Notice By-law Requirements: That Council approve the amendments in this report to the Tangible Capital Asset Policy #FI-6-1 approved by By-Law #152-2008.