

**BIRCH HILLS COUNTY**  
**TANGIBLE CAPITAL ASSETS POLICY**  
**POLICY NO. 02-09**

*March 10, 2010*  
*TCA Policy*  
*Resolution*  
*06-10 (03-10)*

**PURPOSE**

The purpose of this 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. These recommendations will be adopted by Birch Hills County.

**TANGIBLE CAPITAL ASSET:**

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

- Are used on a continuous basis by Birch Hills County
- Have useful economic lives extending beyond one year
- Are not for resale in the ordinary course of operations.

Subsequent expenditures on a recorded Tangible Capital Assets 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 Tangible Capital Asset 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.

The Asset will be amortized for a full year the first year of purchase regardless of the month in which it is purchased and will not be amortized the year in which it is sold.

**SCOPE:**

This policy addresses the following:

- ➔ Asset classification (Major & Minor)
- ➔ Capitalization threshold for each asset classification
- ➔ Amortization method to be used
- ➔ Review Schedule

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

MAJOR ASSET CLASS	MINOR ASSET CLASS	CAPITALIZATION THRESHOLD	AMORTIZATION METHOD	REVIEW SCHEDULE
Land		All land will be recorded	N/A	N/A
Land Improvements		\$2,000.00	Straight Line	Every 3 years
Buildings		\$10,000.00	Straight Line	Every 5 years
Engineered Structures	Roadway System	\$10,000.00	Straight Line	Every 5 years
	Water System	\$10,000.00	Straight Line	Every 5 years
	Wastewater System	\$10,000.00	Straight Line	Every 5 years
Machinery & Equipment		\$5,000.00	Straight Line	Every 3 years
Vehicles		\$5,000.00	Straight Line	Every 3 years

\*Where the above table cannot be used, the auditor for Birch Hills County will be consulted to assist in establishing the correct accounting procedure for a Tangible Capital Asset.


APPROVED BY COUNCIL:

RESOLUTION NO. 04-10(06-09)

DATE: JUNE 10, 2009

DATE AMENDED: MARCH 10, 2010

RESOLUTION NO. 06-10(03-10)

  
REEVE, SHIRLEY EMERSON

  
COUNTY MANAGER I. COOPER

<p style="text-align: center;"><b>ASSET CLASSES</b></p> <p>Major</p> <p>Minor</p> <p style="padding-left: 40px;">Sub-Class One</p> <p style="padding-left: 80px;">Sub-Class Two</p> <p style="padding-left: 120px;">Sub-Class Three</p>	<p style="text-align: center;">Useful Life</p>	<p style="text-align: center;">Residual Value</p>
<p><b>LAND IMPROVEMENTS</b></p> <p style="padding-left: 40px;"><b>Landfill</b></p> <p style="padding-left: 80px;">Pits</p> <p style="padding-left: 80px;">Transfer Stations</p>	<p style="text-align: center;">Volume 25 Years</p>	
<p><b>Buildings</b></p> <p style="padding-left: 40px;">Permanent Structures</p> <p style="padding-left: 80px;">Frame</p> <p style="padding-left: 80px;">Metal</p> <p style="padding-left: 80px;">Concrete</p> <p style="padding-left: 40px;">Portable Structures</p> <p style="padding-left: 80px;">Metal</p> <p style="padding-left: 80px;">Frame</p> <p style="padding-left: 40px;">Leasehold Improvements</p>	<p style="text-align: center;">50 Years 50 Years 50 Years  25 Years 25 Years Variable</p>	
<p><b>Engineered Structures</b></p> <p style="padding-left: 40px;">Roadway Stem</p> <p style="padding-left: 80px;">Bridges</p> <p style="padding-left: 80px;">Curb &amp; Gutter</p> <p style="padding-left: 80px;">Roads &amp; Streets</p> <p style="padding-left: 120px;">Lanes/Alleys</p> <p style="padding-left: 160px;">APC-hot mix</p> <p style="padding-left: 160px;">Gravel</p> <p style="padding-left: 160px;">Nonconforming</p> <p style="padding-left: 120px;">Local/Collector/Arterial/Major Arterial</p> <p style="padding-left: 160px;">APC - Mix</p> <p style="padding-left: 160px;">Oil</p> <p style="padding-left: 160px;">Gravel</p> <p style="padding-left: 40px;">Road Signs</p> <p style="padding-left: 80px;">Information</p> <p style="padding-left: 40px;">Guard Rails</p> <p style="padding-left: 40px;">Sidewalks &amp; para-ramps</p>	<p style="text-align: center;">Variable 20 Years   20 Years 15 Years 20 Years  20 Years 25 Years 40 Years  30 Years 30 Years 20 Years</p>	

<b>ASSET CLASSES</b>				
Major	Minor			
	Sub-Class One	Sub-Class Two	Sub-Class Three	
			Useful Life	Residual Value
<b>Water System</b>	Distribution System			
	Mains		40 Years	
	Services		40 Years	
	Pump, lift and transfer stations		40 Years	
	Plant and facilities			
	Structures		40 Years	
	Treatment Equipment			
	Mechanical		40 Years	
	Electrical		40 Years	
	General		40 Years	
	Pumping Equipment		40 Years	
	Lagoons		40 Years	
<b>Machinery &amp; Equipment</b>	Heavy Construction Equipment			
	Motorized			
	Graders		5 Years	50%
	Tractors		5 Years	70%
	Backhoes & Loaders		10 Years	20%
	Non-motorized			
	Mowers		7 Years	25%
	Misc. Other		15 Years	
	Control Systems			
	SCADA System		10 Years	
	Communications			
	Radios		10 Years	
	Telephone Systems		10 Years	
	Bins		15 Years	
	Meters			
	Water		40 Years	
	Office Furniture & Equipment			
	Photocopiers		5 Years	25%
	Computer Systems			
	Hardware		5 Years	
	Software		10 Years	
	Vehicles			
	Light Duty 1/2 Tons Excluding Fire Pickup		7 Years	10%
	Medium Duty 3/4 & 1 Ton		10 Years	10%
	Heavy Duty Over 1 Ton		10 Years	10%
	Fire Trucks Pick ups & Van		10 Years	10%
	Fire Equipment			
	Pumpers		15 Years	20%