 <p>Town of CANMORE</p>	<p>Council Policy</p>
<p>Policy Title:</p>	<p>Tangible Capital Assets</p>
<p>Policy Number:</p>	<p>FIN-008</p>
<p>Effective Date:</p>	<p>July 6, 2021</p>

POLICY STATEMENT

1. The Town of Canmore recognizes, records and reports on Tangible Capital Assets (TCA) and their betterments in accordance with the Public Sector Accounting Board (PSAB) 3150.

PURPOSE

2. The purpose of this policy is to provide direction for recognizing, recording, and reporting on TCA on a consistent basis.
3. The policy forms the basis for the TCA accounting for the audited financial statements, and so informs the audit and the note disclosure for the accounting policies and presentation of TCA.
4. This policy applies to all Town of Canmore departments and other organizations falling within the reporting entity of the Town, including the Canmore Museum, the Canmore Public Library and Canmore Community Housing. All tangible property owned by the Town of Canmore, either through donation, purchase or construction, and which qualifies as a tangible capital asset is included in the scope of this policy.

DEFINITIONS

5. In this policy:
 - a) “Accumulated amortization” means the cumulative use of a recorded TCA.
 - b) “Amortization” means a non-cash charge to operations representing a portion of the useful life of a recorded TCA.
 - c) “Betterment” means subsequent expenditures on recorded TCA that:
 - i) increase physical output or service capacity,
 - ii) extend the useful life of the asset,
 - iii) lower associated operating costs, or
 - iv) improve the quality of the output.

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Any other expenditure should be considered a repair or maintenance and should be expensed in the period it is incurred.

- d) "Capitalization" means recording a TCA on the Town's balance sheet as a long-term asset.
- e) "Net Book Value (NBV)" means original cost of a TCA less accumulated amortization and asset write-downs.
- f) "Service potential" means the output or service capacity of a TCA, and is normally determined by reference to attributes such as physical output capacity, quality of output capacity, quality of output, associated operating costs, and useful life.
- g) "Tangible Capital Asset (TCA)" means non-financial assets having physical substance that:
 - i) are held for use in the production or supply of goods or services, for rental to others, for administrative purposes, or for the development, construction, maintenance, or repair of other tangible capital assets,
 - ii) have useful economic lives extending beyond an accounting period,
 - iii) are to be used on a continuing basis, and
 - iv) are not for resale in the ordinary course of operations.
- h) "Useful life" means the asset's expected physical, technological, municipal, or legal life.

PARAMETERS

6. Asset Classification

- a) Assets will be classified in Major, Minor, and Subclasses as outlined in this section.
 - i) Major – A group of TCAs that is significantly different in design and use;
 - ii) Minor – A classification within a major class that has unique characteristics; and
 - iii) Subclass – A further classification that may be required due to unique TCA criteria, applications, methodologies, and asset lives. There is the option to classify further into subclass one, subclass two, subclass three, etc.
- b) Major classifications will include:
 - i) **Land** – Land includes land purchased or acquired for value for parks and recreation, building sites, infrastructure (highways, dams, bridges, tunnels, etc.) and other program use.

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- ii) **Land improvements** – All improvements of a permanent nature to land such as parking lots, landscaping, lighting and fences.
- iii) **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.
- iv) **Engineered Structures** – Permanent structural works such as roads, bridges, canals, dams, water and sewer and utility distribution and transmission systems including plants and substations. Minor classification in this category will be:
 - iv.a) **Roadway system** - Assets intended for the direct purpose of vehicle or pedestrian travel or to aid in vehicle or pedestrian travel. Includes items such as roads, bridges, overpasses, ramps, parkades, lights, sidewalks and signage.
 - iv.b) **Water system** - Systems for the provision of water through pipes or other constructed convey. It is normally comprised of assets for the intake, distribution, storage and treatment of safe potable water. It may also be comprised of assets required to distribute non-potable water. Includes items such as mains, services, pump and lift stations, plants and equipment, reservoirs and fire hydrants.
 - iv.c) **Wastewater system** - Wastewater is defined as water that has been used for household, business and other purposes, which flows from private plumbing systems to public sanitary sewers and on to a treatment plant. This system is comprised of assets used for the collection and treatment of non-potable water intended for return to a natural water system or other originating water source or used for other environmentally approved purposes. Includes such items as mains, services, pump and lift stations, plants and equipment and lagoons.
 - iv.d) **Storm system** - Assets used for the collection, storage and transfer of water as a result of rain, flood or other external source to a natural water system. Includes mains, services, catch basins, pump and lift stations, outfalls and retention ponds.
 - iv.e) **Machinery and Equipment** – Equipment that is heavy equipment for construction.
 - iv.f) infrastructure, smaller equipment in buildings and offices, furnishings, computer hardware and software. This class does not include stationary equipment used in the engineered structures class.
- v) **Vehicles** - Rolling stock that is used primarily for transportation purposes.
- vi) **Cultural and Historical Assets** - Works of art and historical treasures that have cultural, aesthetic or historical value that are worth preserving perpetually. These assets are not recognized as tangible capital assets in the financial statements; however, the existence of

such property should be disclosed. Buildings declared as heritage sites may be included in this asset classification.

7. Division of Assets

- a) For purposes of capitalization and amortization, the two methods of defining a capital asset that will be used are whole asset approach and component approach:
 - i) 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.
 - ii) Under the component approach different components are individually capitalized and amortized. For computers, the servers, routers, lines, software may be listed as individual assets. For buildings, the roof, foundation, HVAC and framing may be components.
- b) In certain circumstances, it is appropriate to allocate the total disbursement of 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:
 - i) significance of amounts,
 - ii) quantity of individual asset components (volume),
 - iii) availability of information with respect to specific components, and
 - iv) specific information needs of management for decision-making and asset control purposes.
- c) The Finance Department in conjunction with the Department Managers will determine the approach that will best meet departmental needs.

8. Grouping/Pooling of Assets

- a) Similar assets that have a unit value below the capitalization threshold (on their own) but have a material value as a group. Such assets shall be pooled as a single asset with one combined value. Although recorded in the asset module as a single asset, each unit of the pool may be recorded in an asset sub-ledger for monitoring and control of their use and maintenance. Examples would include the following:
 - i) computer hardware & software,
 - ii) streetlights,
 - iii) furniture and fixtures,

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- iv) small machinery, and
 - v) signage.
- b) As similar items are purchased, Finance, in conjunction with the responsible department, will decide whether or not the item will be added to the pool. An inventory will be taken on a periodic basis.
9. Valuation of Assets
- a) TCAs are to be recorded at historical cost and recognized as assets on the Town’s Statement of Financial Position on the date of receipt for capital goods or when the asset is put into use for capital projects.
 - b) Cost, as defined by PSAB 3150, is the gross amount of consideration given up to acquire, construct, develop or better a TCA and includes all costs directly attributable to acquisition, construction, development or betterment of the TCA, including installing the asset at the location and in the condition necessary for its intended use.
 - c) The cost of a contributed TCA, including a TCA in lieu of a developer charge is considered to be equal to its fair value at the date of contribution. Capital grants or donations against the cost will not be netted against the cost of the related TCA. The cost of a leased TCA is determined in accordance with Public Sector Guidelines PSG-2, Leased Tangible Capital Assets.
 - d) Donated assets will be valued at fair market value.
10. Thresholds
- a) Thresholds, the minimum values of the major TCA categories, are set as follows and are used in determining whether expenditures are to be capitalized as assets and depreciated or treated as a current year operating expense.
 - b) Expenditures that fall within the definition of a TCA and have a cost that meets or exceeds the following suggested capitalization thresholds are to be recorded as a TCA on the Statement of Financial Position and amortized:

Major Asset Category	Capitalization Threshold (\$)
Land	-
Land Improvements	5,000
Buildings	25,000
Engineered Structures	25,000
Machinery and Equipment	5,000
Vehicles	5,000

11. Useful Life and Amortization Methods

- a) Appendix A shows the maximum expected life for the tangible asset classes. The actual length of the useful life for an asset will depend on the asset quality and its intended use. In some situations, the useful life may be expected to be longer than the recommended life.

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xiii) the amount of interest included in the cost in the period.

RESPONSIBILITIES

- 13. All Town of Canmore Department Managers and Supervisors are responsible for ensuring the keeping of accurate records when purchasing, acquiring, selling and maintaining capital assets owned by the Town of Canmore by providing valuation details such as purchase price, fair market value, replacement value, useful life and scheduled maintenance of existing and future TCA(s) for which they are responsible.
- 14. The Manager of Finance is responsible for overall enforcement of the policy, and the Finance Officer II is responsible for the development and maintenance of an asset registry to track all tangible capital assets and supporting all employees who are involved in the purchasing, acquisition, sale and maintenance of capital assets to ensure the upkeep of accurate records.

POLICY REVIEW

- 15. This policy will be reviewed by Council on or before July 30, 2025.

RELATED DOCUMENTS


- 16. Public Sector Accounting Handbook Section 3150 - Tangible Capital Assets
- 17. FIN-009 Asset Management Policy

ATTACHMENTS

- 18. Attachment A: Recommended Maximum Useful Life

REPEALS POLICY: Tangible Capital Assets FIN-008 approved January 6, 2009

AUTHORIZATION:



 John Borrowman
 Mayor




 Cheryl Hyde
 Municipal Clerk

REVISION HISTORY

Action	Date	Council Motion	Notes
Approved	2021-07-06	176-2021	

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Major Minor	Asset Classes	Maximum Useful Life
	Sub-class One Sub-class Two Sub-class Three	
	<i>Construction in progress</i>	
Buildings		
	<i>Permanent structures</i>	
	Envelope	50
	Foundation	50
	Mechanical	25
	Roof	25
	Single unit structures	25
	<i>Portable structures</i>	25
	<i>Leasehold improvements</i>	Variable
	<i>Construction in progress</i>	
Engineered Structures		
	Roadway system	
	Bridges	Variable
	Overpass/interchange	60
	Curb & gutter	50
	Parkades	50
	Roads & streets	
	<i>Lanes/alleys</i>	
	ACP - hot mix	35*
	Gravel	15*
	Nonconforming	20*
	<i>Local/Collector/Arterial/Major Arterial Surface</i>	
	Concrete	30*
	ACP - hot mix	35*
	ACP - cold mix	10*
	Chip seal	10*
	Oil	5*
	Gravel	25*
	<i>Subsurface</i>	105*
	Road signs	
	<i>Traffic control</i>	30
	<i>Information</i>	30
	Lights	
	<i>Decorative</i>	30
	<i>Street</i>	30
	<i>Traffic</i>	30
	Guard rails	30
	Ramps	30
	Sidewalks & para-ramps	
	<i>Asphalt</i>	20
	<i>Concrete</i>	50
	Medians	50
	Retaining walls	75
	Transit stops	30
	Construction in progress	

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Major	Asset Classes	
Minor	Sub-class One	
	Sub-class Two	
	Sub-class Three	Maximum Useful Life
	(* subject to weather conditions)	
	Water System	
	Distribution system	
	<i>Mains</i>	75
	<i>Services</i>	75
	Pump, lift and transfer stations	50
	Plants and facilities	
	<i>Structures</i>	50
	<i>Treatment equipment</i>	
	Mechanical	45
	Electrical	45
	General	45
	<i>Pumping equipment</i>	45
	Hydrants/fire protection	75
	Reservoirs	50
	Construction in progress	
	Wastewater System	
	Collection system	
	<i>Mains</i>	75
	<i>Services</i>	75
	Pump, lift and transfer stations	50
	Plants and facilities	
	<i>Structures</i>	50
	<i>Treatment equipment</i>	
	Mechanical	45
	Electrical	45
	General	45
	<i>Pumping equipment</i>	45
	Lagoons	45
	Construction in progress	
	Storm System	
	Collection system	
	<i>Mains</i>	75
	<i>Services</i>	75
	Pump, lift and transfer stations	50
	Catch basins	75
	Outfalls	75
	Wetlands	75
	Retention ponds	75
	Treatment facility	45
	Culverts	75
	Drywells	75
	Erosion structures	75
	Oil and grit separators	75
	Construction in progress	

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Major Minor Sub-class One Sub-class Two Sub-class Three	Asset Classes	Maximum Useful Life
	Fibre Optics	30
	Electrical System	
	Electrical generation	Variable
	Electrical transmission	Variable
	Electrical distribution	
	<i>Site development</i>	35
	<i>Station & line equipment</i>	Variable
	<i>Poles and fixtures</i>	38
	<i>O/H conductors & devices</i>	35
	<i>U/G conductors & devices</i>	40
	<i>Construction in progress</i>	
	General plant - Electrical	80
	Electrical substations	Variable
	Gas distribution system	Variable
	Machinery and Equipment	
	<i>Heavy construction equipment</i>	Variable
	<i>Stores</i>	25
	<i>Food services</i>	10
	<i>Fire equipment</i>	12
	<i>Police special equipment</i>	10
	<i>Boats</i>	25
	<i>Fitness and wellness</i>	10
	<i>Control systems</i>	5
	Communication links	20
	SCADA system	10
	<i>Fuelling stations</i>	15
	<i>Laboratory</i>	10
	<i>Communications</i>	
	Radios	10
	Telephone systems	10
	<i>Tools, shop and garage equipment</i>	15
	<i>Scales</i>	15
	<i>Bins</i>	20
	<i>Bin pads</i>	40
	<i>Meters</i>	
	Electrical	20
	<i>Cumulative</i>	20
	<i>Interval</i>	20
	Gas	20
	Water	40
	Parking meters and splitters	20
	<i>Turf equipment</i>	10
	<i>Ice re-surfacer</i>	10
	<i>Office Furniture & Equipment</i>	
	Furniture	20
	Office equipment	10
	Audiovisual	10

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Major	Asset Classes	
<i>Minor</i>	Sub-class One	
	Sub-class Two	
	Sub-class Three	Maximum Useful Life
	<i>Photocopiers</i>	5
	<i>Computer Systems</i>	
	Hardware	8
	Software	10
	<i>Facility equipment</i>	Variable
	<i>Recycling equipment</i>	15
	<i>Solar panels</i>	30
	<i>Construction in progress</i>	
Vehicles		
	<i>Light duty</i>	10
	<i>Medium duty</i>	10
	<i>Heavy duty</i>	10
	<i>Transit buses</i>	20
	<i>Fire trucks</i>	25
	<i>Light rail transit cars</i>	40
	<i>Construction in progress</i>	

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