



# DISTRICT OF NORTH SAANICH

## COUNCIL POLICY

<b>TITLE: TANGIBLE CAPITAL ASSETS</b>	<b>NO. COU-051</b>
<p><b>1.0 STATEMENT OF POLICY</b></p> <p>This policy is to provide a framework for accounting and reporting Tangible Capital Assets (TCA) by implementing the standards set by the Public Sector Accounting Board (PSAB) as legislated through the Community Charter.</p> <p>This policy does not provide guidance on application of capital funding nor does it provide guidance on asset management.</p> <p><b>2.0 SCOPE</b></p> <p>All tangible capital assets owned by the District of North Saanich that are within the definition of PS 3150 and have costs that are within the threshold as defined under this policy.</p> <p><b>3.0 OBJECTIVE</b></p> <p>The primary objective is to account for and report tangible capital assets in the financial statement as stated under PS 3150.</p> <p><b>4.0 AUTHORITY</b></p> <p>The Public Sector Accounting Board (PSAB) issued PS 3150 that sets the standard on the accounting and reporting of the tangible capital assets. The Public Sector Accounting Board (PSAB) is an independent body with the authority to set accounting standards for the public sector including municipalities within Canada.</p> <p><b>5.0 TANGIBLE CAPITAL ASSET</b></p> <p>The definition and description of a tangible capital asset can be found under PS 3150.05(a). The description is general in nature and applies to all municipal governments. However,</p>	

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unique regional and local needs and experiences require further addition of details to the description.

**Threshold and Estimated Useful Life**

The District's threshold levels were set taking into consideration the cost associated with data collection and storage as against the benefits achieved by users of the data and reports. Thresholds are set by project, individual asset, or pool.

Useful life of tangible capital assets should be at least 2 years or more. Life of the asset can be either its physical, technological, commercial or legal life. It is the period of time for which the asset is expected to meet service demands. Useful lives should be based on the District's own experience and plans for the assets.

The following schedule will be the guide for qualifying tangible capital assets.

<b>Asset Category</b>	<b>Threshold</b>	<b>Est. Useful Life</b>
Land	\$ 1	Unlimited
Land Improvements	\$ 1	10 – 25 years
Buildings, Fixtures & Imp.	\$ 1	25 – 50 years
Passenger Vehicles	\$ 10,000	7 - 10 years
Fire Trucks & Heavy Duty Vehicles	\$ 10,000	15 – 20 years
Machinery & Heavy Equipment	\$ 10,000	10 – 20 years
Other Equip., Tools & Furnishings	\$ 1,000	2 – 10 years
Road Bed - Paved	\$ 1	75 years
Road Surface - Paved	\$ 1	15 – 30 years
Sidewalks	\$ 1	10 – 30 years
Drainage/Water/Sewer-Mains	\$ 1	80 years
Drainage/Water/Sewer-Components	\$ 1	20 – 40 years
Drainage/Water/Sewer-SCADA	\$ 1	8 years
Engineering Structures - Others	\$ 10,000	At least 10 years
Work in Progress	Based on above category	n/a

**Pooling****EFFECTIVE DATE:  
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Pooling is recording a group of individual assets into one with a value that exceeds the threshold. Pooling will be applied to a computer network or system installed at the same time frame. Any additions will be treated separately as individual asset.

**Betterments**

Betterments that increase the useful life or capacity of an asset by greater than 10% of the original useful life or have a cost greater than 10% of the historical cost of the asset will be added to the recorded cost of the related asset. Betterments will be amortized over the revised remaining useful life of the asset.

**Non Tangible Capital Expenditures**

Capital expenditures that do not qualify as tangible capital assets will not be capitalized.

**Measurement**

Valuation Methods

PS 3150 requires that tangible capital assets should be recorded at cost. The cost includes purchase price or acquisition cost including installation cost, design, engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs and duties. In a constructed asset, cost includes direct construction and overhead costs directly attributable to the construction including technical and administrative work prior to the commencement of and during construction.

Contributions

Tangible capital assets which are contributed or donated to the District are to be recorded at fair value.

Overhead

Costs directly attributed to a capital project or asset will be included in its capital cost. General administrative overhead will not be allocated to the capital cost.

**Inventory**

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Asset Categories

The District's Tangible Capital assets are classified into the following major inventory categories:

Land

This asset category includes any land owned by the District including land on District owned facilities, rental properties, parks, roads and road allowances, but not land held for resale. Easements and rights of way are not controlled or managed by the District and will not be recorded by the municipality as a tangible capital asset.

Land Improvements

Land improvement includes all tangible improvements of a permanent nature on District owned land such as parking lots, landscaping, lighting, pathways and fencing.

Buildings

This refers to buildings owned or co-owned by the District including all permanent, temporary and portable building structures, such as municipal offices, RCMP detachment, fire hall, cultural & recreation facilities, storage facilities, and park buildings intended to shelter persons, goods, machinery, equipment and working space.

Vehicles, Machinery, Equipment

This asset category includes all vehicles used primarily for transportation purposes, machinery and equipment used for constructing and maintaining infrastructure, fitness equipment, fire equipment, office equipment, furnishings, computer hardware and system.

Roads Network Infrastructure

This includes all roads and its components including street lights, bike lanes shared with roads, sidewalk, and curb and gutter.

Drainage System Infrastructure

Drainage or storm drain system includes mains, service connections, catch basins, culverts, ditches, flood boxes, inlets/outlets, lawn basin, manholes/chambers, oil and grit separator, pump and lift stations, outfalls and retention ponds.

Water System Infrastructure

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Water system includes mains, service connections, stand pipes, fire hydrants, meters, monitoring stations and system, reservoir, treatment plants, stationary equipment, pressure reducing valve stations, pump and lift stations, and wells.

Sewer System Infrastructure

Sewer or wastewater system includes mains, cleanouts, manholes/chambers, monitoring stations, siphons, service connections, pump and lift stations, and treatment plants, stationary equipment and lagoons.

Other Tangible Capital Assets

This category includes assets that are owned by the District but do not belong to any of the above asset categories.

Work in Progress

This category covers capital projects under construction or completion and not yet used for normal operation.

**Amortization**

Tangible capital assets will be amortized using the straight-line method. The straight-line method assumes that the asset’s economic usefulness is the same each year. The amortization amount is determined by dividing the asset’s historical cost by its estimated useful life. Amortization begins on the estimated in-service date of the asset. Land and work-in-progress will not be amortized.

**Reporting**

Tangible capital assets are reported as required under PS 3150 and PS 1200.

**6.0 RESPONSIBILITIES**

Finance Division

The policy, including threshold and estimated useful life, will be reviewed every 3 years

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