

P

Title: Tangible Capital Assets

Policy No: 1017

Approval: County Council

Effective Date: January 1, 2009

Supersedes Policy No:



Mountain View
COUNTY

O

Policy Statement: Mountain View County (the County) will establish a policy concerning the accounting for and management of Tangible Capital Assets (TCA)

L

Purpose: The purpose of the policy is for Council to set the overall direction for the treatment of TCA which is consistent with the regulations given in Public Sector Accounting Handbook Section 3150 (PS 3150) and that gives the County information about TCA so that Council and Administration can make sound decisions concerning the purchase, disposal and maintenance of TCA.

Principles:

1. PS 3150 establishes the regulations under which the County will be governed.
2. Tangible Capital Assets are non-financial assets having physical substance that:
 - are used on a continuous basis by the County
 - have useful economic lives extending beyond one year
 - are not for resale in the ordinary course of operations
3. As set out in PS 3150, TCA should be recorded at the cost of obtaining the asset or in the case of contributed assets at the fair value of the asset.
4. Subsequent expenditures on a recorded TCA 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.

C

5. TCA should be classified under one of the following major/minor asset classifications:

- Land
- Land Improvements
- Buildings

Y

P

- Engineered Structures
 - Roadway System
 - Water System
 - Waste Water System
 - Storm Water System
 - Other Utilities System
- Machinery & Equipment
- Vehicles
- Cultural & Historical

O

6. The cost, less any residual value, of a TCA with a limited life should be amortized over its useful life in a rational and systematic manner.
7. The amortization method and estimate of useful life of the remaining unamortized portion should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated. The amortization method and useful life will be established on an asset by asset basis. Although in practice there will likely be similar if not the same amortization methods and useful lives for most assets within a class.

L

8. Guidelines for the capitalization thresholds, amortization method, and how often these should be reviewed are given in the TCA Procedure.
9. When conditions indicate that the net recorded value of a TCA is greater than the value of the asset to the County, the recorded value should be adjusted as appropriate.

I

Items not required by PS 3150:

10. Maintenance costs for TCA should be maintained and where appropriate the condition of TCA should be recorded.
11. Where appropriate maintenance schedules should be established.
12. Long range replacement plans should be developed and maintained.

C

13. When TCA are disposed of they should be disposed of in a manner that maximizes the net sales value/minimizes the net disposal costs.
14. When a TCA is disposed of that has an expected net sales value above the recommended capitalization threshold, the asset shall be disposed of through a public process.

End of Policy:

Y

Approved: March 26, 2008