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Procedure Title: Tangible Capital Assets

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Procedure No: 1017-01

Approval: CAO

Effective Date: January 1, 2009

Supersedes Procedure No: New

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1. Procedures

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1.1 The County should follow the accounting regulations for Tangible Capital Assets (TCA) as established in Public Sector Accounting Handbook Section 3150 (PS 3150).

1.2 As part of the annual budgeting process the long range TCA replacement plans should be reviewed and adjusted.

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1.3 As part of the annual budgeting process appropriate annual maintenance for TCA should be determined.

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1.4 The County should use the following guidelines when determining the capitalization thresholds, depreciation method and how often to review the thresholds and depreciation method:

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Major Asset Class	Minor Asset Class	Capitalization Threshold	Amortization Method	Review Schedule
Land		All land will be recorded	N/A	N/A
Land Improvements		\$ 5,000	Straight Line	Every 3 years
Buildings		\$50,000	Straight Line	Every 5 years
Engineered Structures	Roadway System	\$50,000	Straight Line	Every 5 years
	Water System	\$50,000	Straight Line	Every 5 years

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	Wastewater System	\$50,000	Straight Line	Every 5 years
	Storm System	\$50,000	Straight Line	Every 5 years
	Other Utilities System	\$50,000	Straight Line	Every 5 years
Machinery & Equipment		\$ 5,000.	Straight Line	Every 3 years
Vehicles		\$ 5,000.	Straight Line	Every 3 years
Cultural & Historical		N/A	N/A	N/A

1.5 Refer to Appendix A for the definitions of the Major and Minor Asset Classes.

1.6 Refer to Appendix B for the recommended Maximum Useful Life for TCA. The County in many cases may use a shorter useful life than the recommended maximum.

# P Appendix A: Definitions

## 1. Major, minor and subclasses of tangible capital assets will be defined as:

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- *Major* A group of tangible capital assets that is significantly different in design and use.

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- *Minor* A classification within a major class that has unique characteristics.

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- *Subclass* A further classification that may be required due to unique tangible capital asset criteria, applications, and asset lives. There is the option to classify further into subclass one, subclass two, subclass three, etc.

## 2. Tangible capital assets recorded in the Major classification will include:

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- *Land*
- *Land improvements*
- *Buildings*
- *Engineered structures*
- *Machinery and equipment*
- *Vehicles*
- *Cultural and historical assets*

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## 3. Definitions of major asset classifications:

### a. 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, but not land held for resale.

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### b. Land improvements

All improvements of a permanent nature to land such as parking lots, landscaping, lighting, pathways, and fences.

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### c. Buildings

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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.

**d. Engineered structures**

Permanent structural works such as roads, bridges, canals, dams, water and sewer, and utility distribution and transmission systems, including plants and substations.

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**e. Machinery and equipment**

Equipment that is heavy equipment for constructing 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.

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**f. Vehicles**

Rolling stock that is used primarily for transportation purposes.

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**g. 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, but the existence of such property should be disclosed. Buildings declared as heritage sites may be included in this asset classification after they have no residual net book value.

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**4. Engineered Structures minor asset classifications**

Minor classifications in the Engineered Structures major classification will be:

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- Roadway system
- Light rail transit system
- Water system
- Wastewater system
- Storm system
- Fibre optics
- Electricity system
- Gas distribution system

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Buildings, and machinery and equipment, will be grouped in a subclass for the minor classes of water, light rail transit, wastewater, storm water, electric, gas and fibre optics. This treatment is an exception to the recommended approach to classifying tangible capital assets to better report the cost of distribution and transmission systems.

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5. Definitions of Engineered Structures minor classes

a. Roadway system

Assets intended for the direct purpose of vehicle or pedestrian travel or to aid in vehicle or pedestrian travel. Includes roads, bridges, overpasses, ramps, parkades, lights, sidewalks and signage.

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b. Light rail transit system

A system to provide light rail transit service to the public. Includes track, stations, tunnels, bridges, lines, fare collection equipment, communications and electrical systems.

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c. 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 mains, services, pump and lift stations, plants and equipment, reservoirs and fire hydrants.

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d. 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 mains, services, pump and lift stations, plants and equipment and lagoons.

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e. 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.

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f. Fibre optics

Fibre optics is defined as technology that uses glass or plastic threads (fibres) to transmit data. A fibre optic cable consists of a bundle of threads, each capable of transmitting messages modulated onto light waves. This system is comprised of the assets necessary to transmit data through a fibre optic cable.

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g. Electricity system

i. *Electrical generation*

The large-scale production of electric power for industrial, residential and rural use; generally in stationary plants designed for

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that purpose. Includes boilers, turbo generators, combustion turbines, wind turbines and gas compressors.

*ii. Electrical transmission*

The portion of the system that carries high power over the longest distances and is normally the highest voltage network of an electric utility system. Includes underground and overhead cable, conductors, transformers and towers.

*iii. Electrical distribution*

The assets that distribute the electricity to consumers from a bulk power station. Includes the substation and the lines and equipment from the substation.

**h. Gas distribution system**

A system that delivers gas to customers through a system of pipelines, works, plant and equipment. Includes low and high pressure pipe and meters.

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6. The Major classifications for tangible capital assets, and the minor classifications under Engineered Structures, should be consistent with other Alberta municipalities for financial reporting.
7. The County may have further Minor and Subclasses as appropriate.
8. The following principles should be considered when determining the level of detail to be used in recording tangible capital assets:
  - a. Sufficient detail should be kept to provide the necessary information for an asset management system.
  - b. Factors determining further classification are:
    - Different useful life
    - Variable timing of construction; for example, a road may have segments constructed at different time intervals.
    - Better data for costing, determining user fees and analyzing performance of departments, divisions or business units.

**P** Appendix B:  
**R** Recommended Maximum Useful Life

Asset Classes		
Major		
Minor		
	Sub-class One	Maximum
	Sub-class Two	Useful
	Sub-class Three	Life

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Land	
Right-of-way	
Undeveloped right-of-way	
Parks	
General	

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Cultural & Historical Assets	
Public art	
Historical	
Heritage site	

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Land Improvements		
Parking lot		
Gravel		15
Asphalt		25
Playground structures		15
Landscaping		25
Fences		20
Sprinkler systems		25
Golf courses		45
Tennis courts		20
Fountains		20
Lakes/ponds		25
Retaining walls		20
Running tracks		15
Outdoor lighting		20
Airport runways		10
Soccer pitch - outdoor		20
Bike/jogging Paths		
Gravel		15
Asphalt		20
Landfill		
Pits		Volume
Pads		Volume
Transfer stations		25
Construction in progress		

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**Buildings**

**Permanent Structures**

Frame	50
Metal	50
Concrete	50

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**Portable Structures**

Metal	25
Frame	25

Leasehold improvements Variable

Construction in progress

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**Engineered Structures**

**Roadway system**

Bridges Variable

Overpass/interchange 60

Curb & gutter 30

Parkades 50

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Roads & streets

Lanes/alleys

ACP - hot mix 20\*

Gravel 15\*

Non-conforming 20\*

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Local/Collector/Arterial/Major

Arterial

Surface Concrete 30\*

ACP - hot mix 20\*

ACP - cold mix 10\*

Chip seal 10\*

Oil 5\*

Gravel 25\*

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Subsurface 40\*

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Road signs

Traffic control 30

Information 30

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Lights

Decorative 30

Street 30

Traffic 30

Guard rails 30

Ramps 30

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Sidewalks & para-ramps 30

Light rail system 65

Construction in progress

(\* subject to weather conditions)

P  R  O  C  E  D  U  R  E	<b>Water system</b>	
	Distribution system	
	Mains	75
	Services	75
	Pump, lift and transfer stations	45
	Plants and facilities	
	Structures	45
	Treatment equipment	
	Mechanical	45
	Electrical	45
	General	45
	Pumping equipment	45
	Hydrants/fire protection	75
Reservoirs	45	
Construction in progress		
	<b>Wastewater system</b>	
Collection system		
Mains	75	
Services	75	
Pump, lift and transfer stations	45	
Plants and facilities		
Structures	45	
Treatment equipment		
Mechanical	45	
Electrical	45	
General	45	
Pumping equipment	45	
Lagoons	45	
Construction in progress		
	<b>Storm system</b>	
Collection system		
Mains	75	
Services	75	
Pump, lift and transfer stations	45	
Catch basins	75	
Outfalls	75	
Wetlands	75	
Retention ponds	75	
Treatment facility	45	
Construction in progress		
	<b>Fibre optics</b>	30

P	<b>Electrical System</b>		
	Electrical generation		
	Boilers	30	
	Turbo generators	30	
	Combustion turbines	20	
	Condensate tanks	10	
	Gas compressors	20	
	Other	10	
	Generation Wind/Turbine	30	
	Construction in progress		
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O	<b>Electrical Transmission</b>		
	Structures & improvements	35	
	Station & line equipment		
	Transformers	40	
	Switchgear	35	
	Protection systems	20	
	Insulators	60	
	Other structures & equipment	35	
	Towers and fixtures	38	
	Poles and fixtures	38	
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E	Overhead (O/H) conductors & devices	35	
	Underground (U/G) conductors & devices	40	
	U/G conduit	40	
	U/G cable	40	
	Construction in progress		
	D	<b>Electrical Distribution</b>	
		Site development	35
		Station & line equipment	
		Transformers	40
		Switchgear	35
Protection systems		20	
Insulators		60	
Towers and fixtures		38	
Poles and fixtures		38	
O/H conductors & devices		35	
U/G conductors & devices	40		
U	U/G conduit	40	
	Construction in progress		
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E	<b>General Plant - Electrical</b>		
	Site development	80	

P  R  O  C  E	Electrical substations	
	Site development	35
	Station & line equipment	
	Transformers	40
	Switchgear	35
	Protection systems	20
	Other structures & equipment	35
	Towers and fixtures	38
	Poles and fixtures	38
	O/H conductors & devices	35
U/G conductors & devices	40	
U/G conduit	40	
U/G cable	40	
Construction in progress		
C  E	Gas distribution system	
	Structures	75
	Transmission	75
	Services	75
	Medium pressure	36
	High pressure	36
Measurement	35	
Construction in progress		
<b>Machinery and Equipment</b>		
D  U  R  E	Heavy construction equipment	Variable
	Stores	25
	Food services	10
	Fire equipment	12
	Police special equipment	10
	Aircraft	Variable
	Boats	25
	Fitness and wellness	10
	Control systems	5
	Communication links	20
SCADA system	10	
Fuelling stations	15	
Laboratory	10	
Communications		
Radios	10	
Telephone systems	10	
Tools, shop and garage equipment	15	
Scales	15	
Bins	15	

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Meters	
Electrical	20
Cumulative	20
Interval	20

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Gas	20
Water	40
Parking meters and splitters	20
Turf equipment	10
Ice re-surfacer	10

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Office Furniture & Equipment	
Furniture	20
Office equipment	10
Audiovisual	10
Photocopiers	5

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Computer Systems	
Hardware	5
Software	10
Construction in progress	

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**Vehicles**

Light duty	10
Medium duty	10
Heavy duty	10
Transit buses	20
Fire trucks	25
Light rail transit cars	40

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Construction in progress

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End of Procedure

Approved: March 26, 2008

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