



Summer Village of Silver Beach

Administrative Policy

Number	Title		
#09-2023	Tangible Capital Asset Policy		
Approval	Originally Approved		Last Revised
(CAO initials)	Resolution No:	#2023-024	Resolution No:
	Date:	April 17, 2023	Date:

Policy Statement

The purpose of the 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 & Housing (AMAH). These recommendations will be adopted by the Summer Village.

Tangible Capital Asset:

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

- are used on a continuous basis by the Summer Village
- have useful economic lives extending beyond one year
- are not for resale in the ordinary course of operations

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.



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Group Assets:

Assets that have a unit value below the capitalization threshold but have a material value as a group. Normally recorded as a single asset with one combined value. Although recorded in the financial systems as a single asset, each unit may be recorded in the asset sub-ledger for monitoring and control of its use and maintenance.

Amortization:

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. Amortization will not be taken in the first year of addition.

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.

Scope:

This policy addresses the following:

- Asset classifications (major & minor)
- Capitalization threshold for each asset classification
- Amortization method to be used
- Review schedule



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The following table* shows 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.	Straight Line	Every 3 years
Buildings		\$10,000.	Straight Line	Every 5 years
Engineered Structures	Roadway System	\$10,000.	Straight Line	Every 5 years
Machinery & Equipment		\$ 2,000.	Straight Line	Every 3 years

**Where the above table cannot be used, the auditor for the summer village will be consulted to assist in establishing the correct accounting procedures for a TCA.*

Revisions:

Resolution Number	MM/DD/YY