



Clear Hills County

Effective Date: **May 22, 2012**

Policy Number: **1207**

Title: **CAPITALIZATION**

1. Policy Statement

- 1.1. Clear Hills County shall provide guidelines for capitalization of tangible capital assets.
- 1.2. Accounting policies adopted in respect of tangible capital assets will be in accordance with Canadian generally accepted accounting principles and the Public Sector Accounting Board (PSAB) 3150.

2. Tangible Capital Assets

- 2.1. Tangible capital assets include non-financial assets having physical substance that:
 - are held for use in the production or supply of goods & services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
 - have useful economic lives extending beyond and accounting period;
 - are to be used on a continuing basis;
 - are not for sale in the ordinary course of operations; and
 - are a significant economic resource managed by the County and are a key component in the delivery of many government programs.
- 2.2. The minimum values of expenditure to be recorded as a tangible capital asset are identified in the table in Section 4.
- 2.3. Subsequent expenditures on a recorded tangible capital assets that increase output or service capacity, increase the service life, lower associated operating costs or 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.

3. Amortization

- 3.1. The cost of a TCA with a limited life will be amortized over its useful life using the straight line amortization method. The amortization method and estimated useful life of the remaining unamortized portion will be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.
- 3.2. Amortization will begin in the year subsequent to acquisition.

4. Classes, capitalization threshold and amortization methods

Major Asset Class	Minor Asset Class	Capitalization Threshold	Useful Life	Amortization Method
Land		No minimum value	N/A	N/A
Land Improvements		\$5,000	25 years	Straight line
Buildings		\$25,000	25 years	Straight line
Engineered Structures	Roadways	\$50,000	25 years	Straight line
	Water systems	\$50,000	Distribution – 75 yrs Plant – 30 years	Straight line
	Wastewater system	\$50,000	Distribution – 75 yrs Plant – 30 years	Straight line
Machinery & Equipment		\$5,000	15 years	Straight line
Vehicles		\$5,000	10 years	Straight line

5. End of Policy

ADOPTED

Resolution #C194-03

Date: March 25, 2003

AMENDED

Resolution #C876-03

Date: November 25, 2003

AMENDED

Resolution #C213

Date: April 10, 2007

AMENDED

Resolution #C068

Date: January 26, 2010

AMENDED

Resolution #C303-12

Date: May 22, 2012