



TOWN OF HINTON

Tangible Capital Assets Threshold

Amounts

Policy No. 073

Created By: Corporate Services
Approved By: Town Council
Revised By:

Approved On: June 5, 2007
Revised On:

POLICY STATEMENT

We are required by law to follow the Canadian Institute of Chartered Accountants (CICA) handbook and where applicable the Public Sector Accounting Board (PSAB) regulations.

1. GOALS

The new Tangible Capital Assets regulations (PSAB 3150) take effect on January 1, 2009 with the result that all local municipalities will have to record depreciation expense on their financial statements for all new and existing Tangible Capital Assets.

2. DEFINITIONS

Tangible Capital Asset

Tangible capital assets are non-financial assets having physical substance that:

- (i) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- (ii) have useful economic lives extending beyond an accounting period;
- (iii) are to be used on a continuing basis; and
- (iv) are not for sale in the ordinary course of operations.

Capitalization Threshold

Capitalization threshold is defined as the minimum value of an expenditure, which meets the criteria of a tangible capital asset and will be recorded as a tangible capital asset.

3. Capitalization Threshold Amounts

The Town will capitalize assets costing equivalent or more than the following:

Land	no limit
Land improvements	\$ 5,000
Buildings	\$25,000
Engineered Structures	\$25,000
Machinery & Equipment	\$5,000
Vehicles	\$5,000

Note: In the case of a computer all the component parts (monitor, printer etc and related software) must be taken into consideration in determining the threshold level.

4. RESPONSIBILITIES

- Corporate Services will create the permanent asset tag, including all the necessary asset information, and to ensure the asset has been capitalized at the correct dollar amount.
- Corporate Services will develop a “Policy on Capital Asset Management” which will establish a framework for the management and control of the Town’s capital assets. Including the proper measurement, safeguarding and disposal thereof.

5. GUIDING PRINCIPLES TO STAFF

- The cost of most capital assets includes the purchase price and related freight, installation, and other direct costs of getting the asset into the condition necessary for its intended use.
- Staff members acquiring a capital asset will send the necessary asset information to Corporate Services. This information will be sent using a proposed and yet to be designed “Fixed Asset Information Submission Form”.
- Due to the PSAB 3150 requirement as well as changes in financial statement reporting, a change in budgeting methodology and monthly reporting will be necessary. Once details unfold (anticipated in early 2008) Corporate Services will provide Council and Staff with training to ensure a smooth and painless transition.