



## Town of Rimbey Policy Manual

Title: Tangible Capital Assets

Policy No: 1008

Date Approved: October 14, 2008

Resolution No: 344/08

Date Effective: October 14, 2008

Purpose:

To define the parameters that will make up the Tangible Capital Assets to be recorded in the town Financial Statements.

Policy Statement:

1. Only items to which the Town has title to and meet the definition of the following will be recorded as a **tangible capital asset**.

2. Definition:

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

2.1 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.

2.2 have useful economic lives extending beyond an accounting period.

2.3 are to be used on a continuing basis; and

2.4 are not for sale in the ordinary course of operations.

3 Tangible Capital Assets can be defined under the following:

**3.1 Land:** Land includes land purchased or acquired for value for parks and recreation, building sites, infrastructure (roads, alleys, sidewalks and curb & gutter) and other program use but not land held for resale.

**3.2 Land Improvements:** All improvements of a permanent nature to land such as parking lots, landscaping, lighting, pathways and fences.

**3.3 Buildings:** 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.

**3.4 Engineered Structures:** Permanent structural works such as roads, water, sewer, storm sewer and utility distribution system.

**3.5 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.

**3.6 Vehicles:** Rolling stock that is used primarily for transportation purposes.

**3.7 Cultural and Historical:** Works of art and historical treasures that have cultural, aesthetic or historical value that is 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.

**4 TRANSFERRED CAPITAL ASSETS**

**Transferred Capital Assets** are assets which are transferred or donated from third parties and meet the requirements. These assets will be capitalized.

**5 CONDITIONAL GRANTS**

Where a conditional grant is given to the Town by another municipality or is given from the Town to another municipality for the acquisition of an asset, the asset will not be considered a capital asset of the Town unless the Town retains custody, maintenance and control except in the case where control is shared. When the control is shared, half of the cost of the asset will be capitalized. An example is the Town/County Firetruck.

**6** A Betterment is a cost incurred to enhance the service potential of a Tangible Capital Asset. Enhanced service potential occurs when there is an increase in assessed physical output, associated operating costs are lowered, useful life is extended or the quality of the output is improved.

Initial Policy Date:	October 14, 2008	Resolution No:	344/08
Revision Date:		Resolution No.	
Revision Date:		Resolution No.	