

District of Barriere

# REPORT TO COUNCIL

## Request for Decision

<b>Date: September 15, 2025</b>	<b>File: 530.20/Rpts</b>
<b>To: Council</b>	<b>From: Chief Administrative Officer</b>
<b>Re: Tangible Capital Asset Policy No. 57FI</b>	
<b>Recommendation: THAT Council adopts Tangible Capital Asset Policy No. 57FI.</b>	

### Purpose

For Council to consider implementing a Tangible Capital Asset (TCA) Policy for the District.

### Background

The District is responsible for managing a wide range of public assets such as roads, buildings, utilities, and parks, and must ensure these resources are maintained and planned for responsibly. To support this, regulatory agencies and accounting bodies in Canada require the District to adopt a Tangible Capital Asset (TCA) policy.

The need for such a policy stems from changes in Public Sector Accounting Standards (PSAS), especially the introduction of Section PS 3150 by the Public Sector Accounting Board (PSAB). Since 2009, the District has been required to report all TCAs in its financial statements, including their cost, accumulated amortization, and net book value. This requirement makes a formal TCA policy essential for consistent and transparent financial reporting. PS 3280 for Asset Retirement Obligations were also implemented into this policy.

Industry Standards dictate that a TCA policy should provide for:

- **Standardized Asset Management:** Setting clear criteria and procedures for identifying and valuing assets across all departments.
- **Compliance with Accounting Standards:** Meeting PSAS requirements on capitalization, amortization, and asset disposals.
- **Better Decision-Making:** Supplying accurate asset data for planning maintenance, replacements, and new investments.
- **Asset Protection:** Helping extend asset life and reduce risks through clear management guidelines.
- **Fiscal Sustainability:** Enabling long-term financial planning and responsible stewardship of public funds.

Recognizing the need of implementing a TCA policy as a component of the overall Asset Management program, Council included “Goal 2. a. Present Asset Management Framework Policies and Plans for Council consideration, including: a. Tangible Capital Assets Policy” in the Priority #1 of the Strategic Plan 2025-2026.

Given the above listed standards, key components of the District’s policy include asset definitions, valuation methods, amortization procedures, and clear reporting requirements.

To draft this Policy, staff have reviewed several other municipalities and regional district’s TCA policies while also referring a final draft to the District external auditors for review. Only one change was recommended by the auditors regarding asset amortization in Section 6.5. Current standards require that a full year of amortization is required in the year an item is acquired, regardless of when it is put in use. No amortization is required in the year of disposal of the asset. These changes have been implemented.

## **Key Highlights**

Below are key sections of the policy highlighted for Council that are essential in providing good governance and stewardship over the District’s assets.

### Purpose (Section: 1)

Outlines the policy’s goal to set standards for the recognition, measurement, safeguarding, amortization, and disposal of capital assets. References related Procurement and Asset Disposal policies for additional guidelines.

### Scope (Section: 2)

Policy applies to all tangible property owned by the District, whether acquired by construction, donation, or purchase, and which meets the definition of a capital asset.

### Objectives (Section: 3)

As established earlier in the report, this section ensures compliance with PSAB 3150 for financial statements from January 1, 2009 onward, while promoting sound corporate management of TCAs.

### Definitions (Section: 4)

Provides detailed descriptions for key terms such as Amortization, Betterment, Cost, Fair Value, Net Book Value, Residual Value, Tangible Capital Asset, Useful Life, Write Down. Clarifies distinction between tangible and intangible assets; only tangible assets are capitalized.

### Principles (Section: 5)

Guides policy development and interpretation, considering costs, compliance, system limitations, and materiality.

### Policy Statements (Section: 6)

- Valuation: TCAs recorded at cost plus attributable charges; donated assets at Fair Value.
- Classification, Aggregation, and Segmentation: Detailed asset classes (Land, Buildings, Equipment, Infrastructure, etc.) and their segmentation for management and reporting.
- Capitalization Thresholds: Minimum dollar values and useful life years for asset capitalization are set (details in Appendix A).

- Recognition: TCAs recognized at receipt or in-service date; construction assets tracked as Work in Progress (WIP).
- Amortization: Straight-line depreciation method; full year recorded in year of acquisition, none in year of disposal.
- Betterments: Expenditures that extend useful life or efficiency are capitalized; others classified as repairs/maintenance.
- Write Downs & Write Offs: Procedures for reducing asset value due to impairment or obsolescence, and for asset disposal.
- Disposal: Assets disposed of per District procedures, with gains/losses recorded.
- Asset Retirement Obligations: Legal obligations for asset retirement are recorded per PSAB 3280.
- Work in Progress (WIP): Construction/development costs tracked separately until assets are in service.
- Presentation and Disclosure (Section: 6.13)  
Annual audited financial statements disclose asset cost, additions, disposals, write downs, amortization, net book value, and methods used.
- Living Document (Section: 6.14)  
The policy is adaptable and recognizes exceptions for asset capitalization, amortization methods, and useful life estimation.

#### Appendix A - Classification, Capitalization Thresholds, Life Expectancy, Amortization

Provides detailed tables for asset classes, capitalization thresholds (e.g., Land Improvements \$20,000, Buildings \$30,000, Equipment \$10,000, Roads \$25,000, Water/Wastewater Infrastructure \$50,000), depreciable life (ranges from 5-80 years), and amortization methods. Notable: Land and works of art/historical treasures are capitalized only and not amortized.

#### **Summary**

Council is asked to consider implementing a TCA Policy for the District that codifies current practices and establishes clear guidelines to Staff and the District's auditors when accounting for the District's assets.

#### **Benefits or Impact**

##### General

The requirement for municipalities to establish a TCA policy is firmly grounded in Canadian public sector accounting standards and best practices in asset management. Such a policy is indispensable for ensuring reliable financial reporting, safeguarding municipal assets, and supporting sustainable service delivery. Implementing and maintaining a TCA policy also supports transparency, accountability, improved asset management, and eligibility for infrastructure grants.

## Finances

This Policy does not have any direct budgetary impacts; however, it does influence the recording and reporting of TCAs on the District's Financial Statements.

## Strategic Impact

Priority #1: Implement an Organizational Asset Management Program

Goal 2. Develop Asset Management Policies

The Results We Want to See:

- a. Present Asset Management Framework Policies and Plans for Council consideration, including:
  - a. **Tangible Capital Assets Policy**
  - b. Asset Management Policy
  - c. Asset Management Framework/Strategy
  - d. Asset Management Investment Plan (AMIP)
  - e. Asset Management Financial Investment Policy

## Risk Assessment

Compliance: Public Sector Accounting Standards (PSAS) Handbook Section PS 3150 / Public Sector Accounting Board (PSAB)

Risk Impact: Low, unless Council chooses to not implement a policy at this time which would result in a higher risk.

Internal Control Process:

The District's external auditors have reviewed the draft policy to ensure it will meet the needs of the District.

## Next Steps / Communication

- If approved, this policy would be used for the 2025 audit which will commence in early 2026.
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## **Attachments**

- Policy No. 57FI – Tangible Capital Asset Policy

## **Recommendation**

**THAT Council adopts Tangible Capital Asset Policy No. 57FI.**

## **Alternative Options**

1. Council could change the language of the draft policy. This is not recommended as it has been reviewed by the District's auditors for compliance with current standards.
2. Council could choose not to implement a policy at this time. This is not recommended as a policy is essential to codify current practices and legislated requirements.

Prepared by:

D. Drexler, Chief Administrative Officer



# DISTRICT OF BARRIERE COUNCIL POLICY MANUAL

Approval Date: N/A  
Amended Date: N/A

**NO: 57FI**  
**SECTION: Finance**  
**SUBJECT: Tangible Capital Asset Policy**

## 1. Purpose

A framework is established for the management and control of the District of Barriere's (District) capital assets. Included in this framework is proper recognition, measurement, thresholds, aggregation, segregation, Amortization, reporting, safeguarding, and disposal. Additional guidelines relating to the purchase of assets are found in the District's Procurement Policy, while additional asset disposal guidelines can be found in the District's Asset Disposal Policy.

## 2. Scope

All tangible property owned by the District, either through construction, donation, or purchase and which qualifies as capital assets are addressed in this policy.

This policy applies to all District departments, boards, agencies, and other organizations falling within the reporting entity of the District.

The Chief Financial Officer (CFO), or designate, is responsible for adjusting the asset registers and accounting records, including recording any gain or loss on disposal, write-offs, Write Downs, etc.

## 3. Objectives

This Tangible Capital Asset Policy (Policy) promotes sound corporate management of tangible capital assets and complies with the Public Sector Accounting Board (PSAB) Handbook Section PSAB 3150, which remains the senior authoritative document.

Financial Statements prepared for the fiscal year starting January 1, 2009, require compliance with PSAB 3150. Comparative figures for prior years are also required.

#### 4. Definitions

**“Amortization”** The accounting process of allocating the Cost, less Residual Value, of a tangible capital asset to operating periods as an expense over its Useful Life in a rational and systematic manner appropriate to its nature and use.

**“Betterment”** means subsequent expenditures on a recorded TCA that:

- a) increase previously output or service capacity
- b) increase the Useful Life of the asset
- c) lower associated operating costs; or
- d) improve the quality of the output.

**“Cost”** means the gross amount of consideration given up to acquire, construct, develop or better a TCA, and includes all costs directly attributable to acquisition, construction, development or Betterment of the TCA.

**“Fair Value”** means the amount of the consideration that would be agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

**“Net Book Value”** means the cost of a TCA less accumulated Amortization and the amount of any Write Downs.

**“Residual Value”** means the estimated net realizable value of a TCA at the end of its Useful Life to the District.

**“Tangible Capital Asset” or “TCA”** means tangible capital assets are non-financial assets having physical substance that:

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

Intangible assets such as copyrights, trademarks, patents, easements and rights of way do not fall under this policy and are not capitalized.

**“Useful Life”** means the estimated period over which a capital asset is expected to be used by the District. A TCA’s Useful Life may be shorter than the actual life of the asset due to limitations on the physical, technological, commercial, or legal life of the asset.

**“Write Down”** means a reduction in the cost of a TCA to reflect the decline in the asset’s value due to a permanent impairment.

## **5. Principles**

Principles in this Policy provide guidance for policy development and assist with interpretation of the Policy once applied.

- a) The purpose of this policy is for the benefit of the District as a whole; for the users of the District's financial statements and managers of the District's TCA's.
- b) The cost associated with data collection and storage is balanced with the benefits achieved by users of the data and reports.
- c) Budgeting follows PSAB 3150
- d) Compliance is with all legislation applicable to the District.
- e) Financial, operational, and information technology system limitations are considered.
- f) Materiality is considered.

## **6. Policy Statements**

### **6.1. Valuation**

- a) TCAs should be recorded at cost plus all charges directly attributable to place the asset in its intended location and condition for use.
- b) The cost of purchased assets is comprised of the consideration paid to acquire the item including all non-refundable taxes, duties, freight, and preparation costs net of any discounts or rebates. For land, the cost will include expenses such as legal fees, land registration, and transfer taxes as well as any costs that make the land suitable for its intended use, such as demolition costs or site improvements (including reclamation) that become part of the land.
- c) The cost of constructed or developed assets will include all costs directly attributable to the asset constructed or developed including, but not limited to, construction costs, preliminary design or engineering works, professional fees, and architectural costs.
- d) Donated or contributed assets received will be recorded at their Fair Value at the date it was received. Fair Value may be determined using market or appraisal values. Where an estimate of Fair Value cannot be made, the TCA is valued and recorded at \$1.00. A "in lieu of" a developer charge or as part of the normal development process (contribution of infrastructure upon development of a subdivision) would also be considered a contribution.

- e) The initial capitalization of existing assets will be valued at cost plus all charges directly attributable to placing the asset in its intended location and condition for use. If the actual proof of the value is nonexistent then the asset will be valued at discounted replacement cost.
- f) Due to the age and nature of land under roads and sidewalks, all District land that is under roads and sidewalks is considered to have a nominal value of \$1.00.

## **6.2. Classification, Aggregation, and Segmentation**

The level of detail required in the capital asset inventory is a balance between cost of data collection, tracking and analysis and the beneficial use of the information gathered.

The full cost of preparing a TCA for its intended use is considered the aggregate cost of the capital asset. The aggregate cost is further segmented into elemental components based on Useful Life.

### Aggregation

Smaller assets that individually would not meet the threshold, but as a group would meet or exceed the threshold, may be capitalized as a pool and amortized accordingly. Assets within the pool that are replaced during the Amortization period will be considered an operating expense.

### Asset Classification

Assets will be classified in Major, Minor, and Subclasses as outlined in this section.

- Major – A group of TCAs that is significantly different in design and use.
- Minor – A classification within a major class that has unique characteristics.
- Subclass – A further classification that may be required due to unique TCA criteria, applications, methodologies and asset lives. There is the option to classify further into subclass one, subclass two, subclass three, etc.

TCA recorded in the Major classification will include:

#### 1) Land

Land owned by the District includes parkland and land held for District owned facilities. All land owned by the District is segmented by each parcel held. Land improvements such as earth moving and environmental assessments and remediation would be added to the cost of land. A right of way, where the District has the right to enter or occupy private property, is not a TCA and will be recorded as an operating expense.

## 2) Land Improvements / Park Infrastructure

Includes parking lots, park trails, playground equipment, fencing, landscaping, outdoor lighting, pathways, signs, athletic outdoor courts, and sport fields. Each asset when capitalized is separately recorded with an attached Useful Life.

## 3) Buildings

Includes all structures that provide shelter from elements. Buildings can be segmented by structure and significant components based on Useful Life if it provides better information for asset management purposes. Buildings owned by the District include the Barriere Business Centre, recreation facilities including the Field House and Bandshell, community center, washrooms, picnic shelters, firehalls, and water and wastewater system buildings.

## 4) Building Improvements

Includes HVAC systems, roofs, flooring, windows, building control systems and components with a Useful Life less than the building itself and are capitalized when they exceed the threshold. This treatment provides for capital replacement of each component over the years of ownership.

## 5) Machinery and Equipment

Machinery and Equipment are pooled and segmented by type (e.g. recreation, water, wastewater, emergency, EOC, other) at unit level for threshold purposes; this also includes vehicles and heavy machinery for maintaining infrastructure, and water and wastewater treatment plants.

This category includes IT infrastructure e.g. software, hardware, computers, printers, scanners, photocopiers and the telephone network. IT infrastructure is capitalized if each purchase or project meets threshold limits.

Furniture is included in this category as well.

## 6) Transportation Infrastructure

Transportation Infrastructure is segmented by collector and local roads, sidewalks, and storm infrastructure. Linear assets are measured in kilometers.

## 7) Water Infrastructure

Water infrastructure has two major categories – supply and distribution - which may be segmented by major component - reservoirs, mains, valves, pump stations, hydrants, and service connections. Linear assets are measured in kilometers. Aggregation for threshold purposes is by capital project.

## 8) Wastewater Infrastructure

Wastewater system components are segmented by mains, pump stations, manholes, and services. Linear assets are measured in kilometers. Aggregation for threshold purposes is by capital project.

### **6.3. Capitalization Thresholds**

Thresholds are established for a minimum dollar value and number of years of Useful Life. Thresholds help to determine whether expenditures are to be capitalized as assets and depreciated or treated as a current year expense. TCAs should be capitalized according to the thresholds as defined in the table in Appendix A. The Chief Financial Officer is authorized to refine Appendix A as the District further develops an understanding of its assets and reporting needs.

### **6.4. Recognition**

TCAs are recognized on the date of receipt of the capital goods, or when the asset is put into use for capital construction projects referred to as the "in-service date". During construction capital work is classified as Work in Progress (WIP).

### **6.5. Amortization**

The Cost, less any Residual Value, of a TCA with a limited life must be amortized over its Useful Life in a rational and systematic manner appropriate to its nature and use. The District uses the straight-line method to account for Amortization of assets with the exception of land, works of art or historical treasures, and WIP, which are not amortized.

A full year of Amortization will be recorded in the year of acquisition, regardless of at what point in the fiscal year the asset was put into use. No Amortization will be recorded in the year of disposal.

A general guideline for determining the estimated Useful Life of an asset is included in Appendix A.

### **6.6. Betterments**

Betterments, which extend the Useful Life or improve the efficiency of the asset and meet the capitalization threshold of the asset class to which it relates, must be added to the historical cost and amortized accordingly. Any other expenditure should be considered a repair or maintenance and should be recorded as an operating expense in the period.

## **6.7. Write Downs**

Where it can be objectively estimated that a reduction in a TCA's Useful Life or service potential has occurred, and the reduction is expected to be permanent, then the tangible capital asset should be written down to the revised estimate. A Write Down shall not be reversed.

## **6.8. Write Offs**

When an asset is no longer useful or it is obsolete then it may be written off. When a write off occurs, the historic cost of the asset and the related accumulated Amortization are reduced to zero. Any remaining Net Book Value of the asset becomes an expense in the accounting period. Costs of projects that have been abandoned or indefinitely postponed should be written off in the period of abandonment or indefinite postponement.

## **6.9. Trade Ins**

Capital assets may be disposed of by trading them in.

## **6.10. Disposal**

Disposals of TCA must comply with the District's policies and procedures.

Infrastructure assets that are part of a network will only have a disposal if the replacement of the elements of the network exceeds the established threshold. In most cases, the annual replacement of a small percentage of the network will be an operating expense and there will not be any asset disposal. The annual replacement of individual assets in a pool will also be considered an operating expense if less than the established threshold and no asset disposal will be recorded.

On disposal of a TCA, the asset and its associated accumulated Amortization are to be reduced to zero, and any gain or loss on disposal is recorded as a revenue or expense for the period.

## **6.11. Asset Retirement Obligations**

Asset Retirement Obligations are legal obligations associated with the retirement of TCAs and are accounted for in accordance with PS 3280, Asset Retirement Obligations (PS 3150.21A). These obligations are predictable, likely to occur, and unavoidable. The CFO will work with the District's auditors to ensure that all requirements are met.

## **6.12. Work in Progress (WIP)**

WIP includes all current construction or development in progress on all TCAs. These are costs incurred to construct or deliver a TCA before it is available for use. Accumulation of these costs cease when the asset is put into service.

All WIP costs are to be reported separately under the WIP asset category. As assets or significant portions of assets become available for service, they must be transferred to the regular asset categories for similar assets.

Where an asset has been constructed or developed, the estimated cost of the asset to final completion should be compared with the threshold for the asset category, to determine whether the asset would meet the minimum requirements to be considered a TCA.

Interest costs, incurred during the construction or development of TCAs until the asset is ready for use and the asset is transferred to a regular asset category, may be added to the capitalized asset cost base.

## **6.13. Presentation and Disclosure**

The District will present in accordance with PSAB:

- a) Cost of the asset
- b) Additions to the assets
- c) Disposals of the asset
- d) Write Downs
- e) Amortization
- f) Net Book Value

The District's annual audited financial statements will disclose:

- a) Method used to determine asset costs
- b) Amortization
- c) Estimated Useful Life of asset

## **6.14. Living Document**

This Policy is established to set guidelines for determining the valuation, classification, Amortization rates, and life expectancy of assets. It is recognized that not all assets will fall within the guidelines established, and from time to time there may be value in capitalizing assets that fall below the established thresholds, or to change the Amortization method and expected useful economic life, or to account for an asset outside of an established pool. When determining the method for recording an asset, the CFO will consider the usefulness of the resulting information and the cost versus the benefit of collecting and maintaining it.

### Related Bylaws and Policies

- Asset Management Policy No. 55FI
- Asset Disposal Policy No. 49FN
- Procurement Policy No. 56FI

All Bylaws and/or Policies listed may be amended, replaced, or repealed from time to time.

### References

- Public Sector Accounting Standards (PSAS)
- Public Sector Accounting Board (PSAB)
  - 3150 – Tangible Capital Asset Standards
  - 3280 – Asset Retirement Obligations

### Resolutions and Amendments

MMM DD, YYYY – Council Policy No. 57FI Tangible Capital Asset is established.

## Appendix A

### Classification, Capitalization Thresholds, Life Expectancy, Amortization

Asset Class (and Sub-class if applicable)	Threshold	Depreciable Life in Years	Amortization of Cost less Salvage Value
Land	Capitalize Only		Not amortized
Land Improvements / Park Infrastructure	\$20,000		Straight line over Useful Life of each asset unit
Structure		30	
Groundwork		40	
Playground Equipment		15	
Other		5-20	
Buildings	\$30,000	40-75	Straight line over Useful Life of each asset unit
Building Improvements	\$20,000		Straight line over Useful Life of each asset unit
HVAC Systems		10	
Roofs		15-20	
Electrical/Plumbing/Fire		15-20	
Windows		20	
Exterior Envelope		30-40	
Other		5-20	
Vehicles, Machinery, and Equipment	\$10,000		Straight line over Useful Life of each asset unit
Fleet Vehicles		10	
Mowing Equipment		10	
Misc. Equipment		10	
Fire Department Light Vehicles		10	
Fire Department Rescue Vehicle		15	
Fire Trucks		20	
IT Hardware (includes phones)		5	
IT Software		10	
Other		5-20	

<b>Asset Class (and Sub-class if applicable)</b>	<b>Threshold</b>	<b>Depreciable Life in Years</b>	<b>Amortization of Cost less Salvage Value</b>
Roads Infrastructure	\$25,000		Straight line over average useful life of each segment for cost less salvage value
Asphalt - Local Roads		40	
Asphalt - Collector Roads		30	
Asphalt - Overlay		10	
Base – Local Roads		80	
Base – Collector Road		60	
Trail – Asphalt		30	
Trail – Gravel		40	
Sidewalks, Curbs & Gutter		50	
Stormwater Infrastructure		10-80	
Other		10	
Water Infrastructure	\$50,000		Straight line over average useful life of each segment for cost less salvage value
Water Main Pipe		80	
Reservoirs		60	
Other – Large Component		50	
Other – Small Component		10	
Wastewater Infrastructure	\$50,000		Straight line over average useful life of each segment for cost less salvage value
Wastewater Gravity Main Pipe		80	
Wastewater Force Main Pipe		40	
Other – Large Component		50	
Other – Small Component		10	
Works of Art & Historical Treasures	Capitalize Only		Not amortized