

<p><b>Tangible Capital Asset Policy</b></p> <p><b>Rural Municipality of Antelope Park No. 322</b></p>
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<b>Subject:</b>	Accounting for Tangible Capital Assets.
<b>Type:</b>	Administrative
<b>Authority:</b>	Approved by Council: Date: December 10 <sup>th</sup> , 2009 Resolution #

**Purpose:**

The objective of this 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) PS3150.

**Scope:**

This policy applies to all departments, boards and commissions, agencies and other organizations falling within the reporting entity of the Rural Municipality of Antelope Park No. 322

**Definitions:**

**Amortization** is a rational and systematic manner of allocating the cost of an asset over its estimated useful life.

**Betterments** are enhancements to the service potential of a capital asset such as:

- an increase in the previously assessed physical output or service capacity;
- a reduction in associated operating costs;
- an extension of the estimated useful life; or
- an improvement in the quality of output.

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

- are held for use by the municipality 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;

- have useful lives extending beyond a year and are intended to be used on a continuing basis; and
- are not intended for sale in the ordinary course of operations.

**Capital-type expenses** are costs for assets that meet the definition of a capital asset but are less than the thresholds. These assets are expensed in the year in which they are purchased.

**Cost** is the amount of consideration given up to acquire, construct, develop or better a capital asset and includes all costs directly attributable to its acquisition, construction, development or betterment, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed capital asset is considered to be equal to its fair value at the date of contribution.

**Disposal** refers to the removal of a capital asset from service as a result of sale, destruction, loss or abandonment.

**Estimated Useful Life** is the estimate of the period over which a capital asset is expected to be used or the number of units of production that can be obtained from the asset. It is the period over which an asset will be amortized and is normally the shortest of the physical, technological, commercial or legal life.

**Fair Value** is 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.

**Financial Assets** are assets that are available to discharge existing liabilities or finance further operations and are not for consumption in the normal course of operations. Examples of financial assets are cash on hand, accounts receivable and inventories for resale.

**Gain on Disposal** is the amount by which the net proceeds realized upon an asset's disposal exceed the asset's net book value.

**Leased Capital Assets** are non-financial assets leased by the municipality for use in the delivery of goods and services. Substantially all of the benefits and risks of ownership are transferred to the municipality without requiring the transfer of legal ownership.

**Loss on Disposal** is the amount by which the net book value of a capital asset exceeds the net proceeds realized upon the asset's disposal.

**Net Book Value** is the capital asset cost less accumulated amortization and any write-downs. It represents the asset's unconsumed cost.

**Non-financial Assets** are assets that do not normally provide resources to discharge liabilities. They are employed to deliver municipal services, may be consumed or used up in the delivery of those services, and are not generally for sale. Examples of non-financial assets are capital assets and inventories held for consumption or use.

**Repairs and Maintenance** are ongoing activities to maintain a capital asset in operating condition. They are required to obtain the expected service potential of a capital asset over the estimated useful life. Costs for repairs and maintenance are expensed.

**Residual Value** is the estimated net realizable value of a capital asset at the end of its estimated useful life. A related term, salvage value, refers to the realizable value at the end of an asset's life. If the municipality expects to use a capital asset for its full life, residual value and salvage value are the same.

**Service Potential** is the output or service capacity of a capital asset.

**Straight-Line Method** is an amortization method which allocated the cost of a capital asset equally over each year of its estimated useful life.

**Threshold** is the minimum cost an individual asset must have before it is recorded as a capital asset on the statement of financial position.

**Work in Progress** is the accumulation of capital costs for partially constructed or developed projects.

**Works of art and historical treasures** are property that has cultural, aesthetic, or historical value that is worth preserving perpetually. These assets are not capitalized as their service potential and expected future benefits are difficult to quantify.

**Write-down** is a reduction in the cost of a capital asset as a result of a decrease in the quality or quantity of its service potential. A write-down should be recorded and expensed in the period the decrease can be measured and it expected to be permanent.

## **Municipal Policy:**

### **Legislation**

1. The *Municipalities Act*, Section 185 requires the municipal financial statement to be prepared in accordance with generally accepted accounting principles for municipal governments recommended by the Canadian Institute of Chartered Accountants.
2. The policy is effective January 1, 2009.

### **Department Responsibilities**

3. Title or ownership of capital assets held by departments rests with the municipality. Departments maintain stewardship for the municipality. A department generally has stewardship of a capital asset if the department provides for its operation and maintenance and controls the ability to change the asset's future service potential. The department is responsible for maintaining accounting records and prepare reports for capital assets.
4. For capital assets under their stewardship, departments are required to:
  - manage them to provide effective, efficient and economical program delivery;
  - establish and maintain accounting systems to collect, records and report information; and
  - establish and maintain adequate internal control systems to ensure the accuracy and reliability of information and reports.

### **Capital Asset Categories**

5. Tangible Capital Assets (TCA) are assets having physical substance that are used on a continuing basis in the municipality's operations, have useful lives extending beyond one year, and are not held for resale in the ordinary course of operations. TCA are acquired, constructed, or developed assets and have the following characteristics:
  - ownership and control clearly rest with the municipality; and
  - the asset is used to achieve government objectives.
6. Capital assets should be assigned to the categories outlined in Schedule A based on their nature, characteristics and useful life.

## **Excluded Assets**

7. The following assets should not be capitalized and amortized:
- land (or other assets) acquired by right, such as Right of Ways established by the original land Survey, Crown, forests, water and mineral resources;
  - works of art and historical treasures; and
  - intangible assets such as patents, copyrights and trademarks.

## **Assets Held for Sale**

8. Assets held for sale which otherwise would have been reported as capital assets may be required to be reported as financial assets. Land held for resale is not a tangible capital asset. This includes such lands as Tax Title Property.

## **Costs**

9. The cost of a capital asset includes the purchase price of the asset and other acquisition costs, such as installation costs, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs and duties. The cost of a tangible capital asset is recorded net of GST.
10. The cost of a constructed asset includes direct construction or development costs such as materials, including inventories held for consumption or use, and labour and overhead costs directly attributable to the construction or development activity. Capitalization of administrative costs should be limited to salaries, benefits and travel for staff directly involved with project delivery (e.g., project management or construction).
11. Where several capital assets are purchased together, the cost of each asset is determined by allocating the total price paid in proportion to each asset's relative fair value at the time of acquisition.
12. The cost of a tangible capital asset can include interest costs directly attributable to the acquisition, construction or development activity. Only interest owed to external parties, such as banks or debenture holders, will be capitalized. Internal finance charges will not be capitalized as part of the costs of an asset.
13. If the construction or development of a capital asset is not completed to a usable state, the costs that would otherwise be capitalized should be expensed.

## **Thresholds**

14. The threshold for each category represents the minimum cost an individual asset must have before it is to be recorded as a capital asset on the statement of financial position.
15. Capital assets not meeting the threshold are expensed in the year in which they are purchased. Costs for these assets are referred to as capital-type expenses.
16. Thresholds should be applied on an individual asset or per item basis.
17. Schedule B outlines the thresholds for each capital asset category. Due to the nature of some assets, the threshold will be \$0. Once the initial TCA listing has been prepared, it will be reviewed in subsequent years to determine whether or not the threshold should be adjusted.

## **Estimated Useful Life**

18. The estimated useful life is the period over which a capital asset is expected to provide services. An asset's useful life can be estimated based on its expected future use, effects of technological obsolescence, expected wear and tear from use or the passage of time, the level of maintenance and experience with similar assets.
19. All capital asset categories have predetermined estimated useful lives as outlined in Schedule B. The estimated useful lives shown here are intended to apply to assets in new condition.
20. When used assets are acquired the estimated useful lives should be reduced based on the age and condition of the asset.

## **Amortization**

21. Amortization is calculated using the straight-line method based on the estimated useful life of each asset.
22. Land has an unlimited estimated useful life and should not be amortized.
23. Amortization should be calculated based on the full cost of the capital asset. Where an asset's expected residual value is expected to be significant in comparison to the asset's costs (20% or more), the residual value would be deducted from the purchase cost when calculating amortization.

24. For Roads/streets - construction, Roads/streets - repaving, Bridges - construction, Bridges - upgrades, & Culverts; amortization should begin in the year following the year in which the costs were incurred.
25. No amortization should be recorded in the year an asset is disposed of. This does not apply to deemed disposals.
26. No amortization should be recorded on work in progress or on capital assets which have been removed from service but not yet disposed of.
27. Amortization begins in the year after acquisition when the full cost of putting the asset into service will be known.
28. Amortization ends when:
  - the asset is fully amortized, or
  - it is disposed.

### **Disposals**

29. The disposal of a capital asset results in its removal from service as a result of sale, destruction, replacement due to obsolescence, scrapping or dismantling.
30. When a capital asset is disposed of, the cost and the accumulated amortization should be removed from the accounting records and any gain or loss recorded.
31. Costs of disposal paid by the municipality should be expensed.
32. A gain or loss on disposal is the difference between the net proceeds received and the net book value of the asset and should be accounted for as a revenue or expense, respectively, in the period the disposal occurs.

### **Deemed Disposition**

33. Where asset replacement occurs on a regular basis, and administrative costs to separately track and account for each acquisition and disposal transaction would be prohibitive, the asset is assumed or deemed to have been disposed of in the last year of its estimated useful life. At the deemed disposition, the full cost of the addition and the related accumulated amortization will be removed from the accounting records.

## **Write-downs**

34. A capital asset should be written down when a reduction in the value of the asset's service potential can be measured and the reduction is expected to be permanent.
35. Conditions that may indicate that a write-down is required include an expectation of providing services at a lower level than originally planned, a change in use for the asset, technological advances which render the asset obsolete or other factors such as physical damage which reduce the asset's service potential. Documentation for write-down should be retained.
36. Write-downs of capital assets should be accounted for as an expense in the current period.
37. Annual amortization of an asset that has been written down should be calculated using the net book value after the write-down and the remaining estimated useful life.
38. Regardless of any change in circumstances, a write-down should not be reversed.

## **Betterments**

39. Betterments are enhancements to the service potential of a capital asset, such as:
  - an increase in the previously assessed physical output or service capacity;
  - a reduction in associated operating costs;
  - an extension of the estimated useful life; or
  - an improvement in the quality of output
40. Betterments which meet the threshold of the applicable capital asset category are capitalized. Otherwise, they are expenses.
41. Repairs and maintenance which are necessary to obtain the expected service potential of a capital asset for its estimated useful life are not betterments. These costs should be expensed when incurred. They include:
  - repairs to restore assets damaged by fire, flood, accidents or similar events, to the condition just prior to the event; and
  - routine maintenance and expenditures, such as repainting, cleaning and replacing minor parts.
42. Where a betterment enhances the service potential of a capital asset without increasing its estimated useful life, the amortization period should remain the same.



43. Where a betterment increases the estimated useful life of a capital asset, its useful life should be changed.
44. Where a betterment involves the replacement of an identifiable component of a capital asset, the original cost of that component and the related accumulated amortization should be removed from the accounting records.

### **Capital Contributions**

45. When the municipality receives funds from a third party, such as the provincial or federal government, to assist with the construction or purchase of a capital asset, the full cost of the asset should be recorded. The portion paid by the senior government will be recognized as revenue and recorded as a government capital transfer.

### **Donated Assets**

46. If a capital asset is donated to the municipality, the cost is its fair value at the date of contribution. Fair value of a donated capital asset may be estimated using market or appraised value.

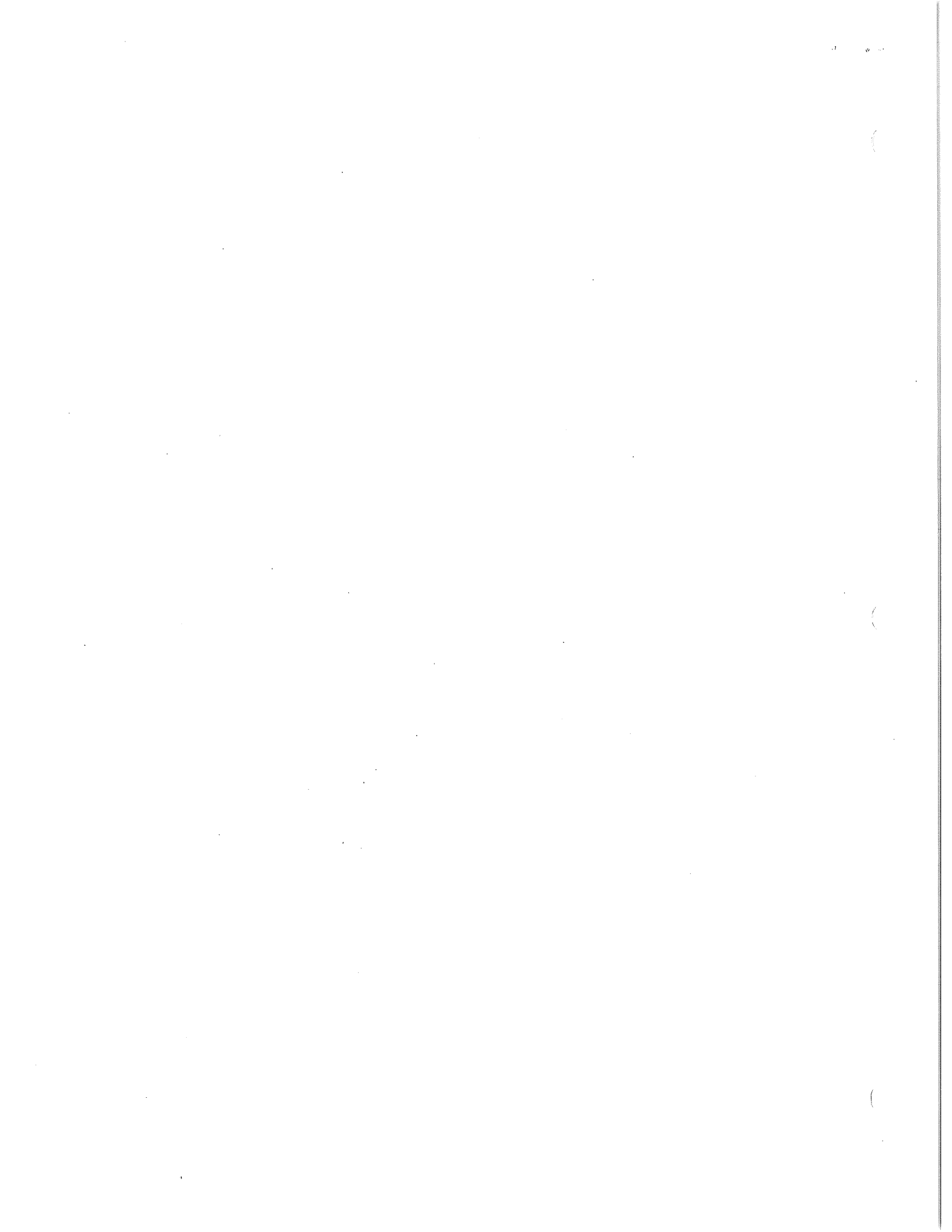
### **Capital Leases**

47. Capital leases are a means of financing the acquisition of a capital asset where the lessee carries substantially all of the risks and benefits of ownership. Capital leases are recorded as if the lessee had acquired the asset and assumed a liability.
48. If one or more of the following criteria exists, the lease should be accounted for as a capital lease:
  - There is reasonable assurance that the municipality will obtain ownership at the end of the lease. (Transfer of ownership occurs at the end of the lease or the lease has a bargain purchase option.)
  - The municipality will receive substantially all of the economic benefits of the assets. (The lease term is 75% or more of the economic life of the asset).
  - The lessor is assured of recovering the investment in the asset and earning a return. (The present value of the minimum lease payment is 90% or more of the fair value of the asset.)
49. Where at least one of the conditions in the preceding paragraph is not present, other factors may indicate that a capital lease exists.

50. For example, a capital lease may exist if:
- the municipality owns or retains control of the land on which a leased asset is located and the asset cannot be easily moved;
  - the municipality contributes significant assistance to finance the cost of acquiring or constructing the asset that it will lease; or
  - the municipality bears other potential risks, such as obsolescence, environmental liability, uninsured damage or condemnation of the asset and any of these are significant.
51. Operating leases are leases in which the lessor does not transfer substantially all the benefits and risks of ownership. If the arrangement is an operating lease, lease payment should be expensed and no liability recorded.
52. If the arrangement is a capital lease, the municipality should apply the thresholds of the appropriate capital asset category.
53. If the thresholds are not met, an expense and a liability should each be recorded for the present value of the minimum lease payments.
54. If the thresholds are met, a capital asset and a liability should each be recorded for the present value of the minimum lease payments. The leased asset should be amortized over the lesser of the lease term or estimated useful life for similar capital assets as outlined in Schedule B.
55. Executory and maintenance costs should be excluded when calculating minimum lease payments. The discount rate should be the lesser of the municipality's incremental borrowing rate or the interest rate implicit in the lease, if determinable.

## **Work in Progress**

56. Where the construction or development of a capital asset occurs over several years, capital costs should be accumulated until the asset is ready for use.
57. Identify these costs as work in progress for any interim and year-end reporting.
58. The municipality should not record amortization on work in progress.
59. A work in progress account should be established to allow work in progress capital costs to be tracked separately from assets subject to amortization.
60. Examples of work in progress are the construction of a new road or building or the development of an asset which occurs over several years. Work in progress would also include down payments and deposits which are to be applied to the cost of a capital asset.



## Capital Asset Thresholds, Estimated Useful Lives, Amortization & Residual Value - RM 322 Schedule B

The table below outlines the thresholds and estimated useful life applicable to each capital asset category. A threshold of ALL means that ALL capital asset purchases, regardless of cost, are recorded. The *Estimated Useful Life* indicates the term in which the municipality will "Use" the asset - not necessarily the assets "Life Span". For Example: It is a municipality's policy to purchase a new grader every five year, however a graders "Life Span" is 20 years. It's *Estimated Useful Life* is therefore 5 years, but it will have a *Residual Value* of 50% upon trade-off. The *Estimated Useful Life* and *Residual Values* may be municipality specific!

Asset Class	Capital Asset Category	Particulars	Threshold	Estimated Useful Life	Amortization Method	Residual Value
Land	Land	All Land owned	All	Indefinite	N/A	N/A
Land Improve.	Land Improvements	Parking Lot - Gravel	\$5,000	15 years	Straight-line	N/A
		Parking Lot - Asphalt	\$5,000	25 years	Straight-line	N/A
		Landscaping	\$5,000	25 years	Straight-line	N/A
		Swimming Pool	\$5,000	25 years	Straight-line	N/A
		Tennis Courts	\$5,000	25 years	Straight-line	N/A
		Fences/Gates	\$5,000	10 years	Straight-line	N/A
Buildings	Buildings Improvements	Texas Gate	\$5,000	25 years	Straight-line	N/A
		Buildings	\$10,000	50 years	Straight-line	1.00
		Buildings Improvements	\$10,000	50 years	Straight-line	N/A
Vehicles	Vehicles	Engineered Structures	\$10,000	50 years	Straight-line	N/A
		All	\$5,000	10 years	Straight-line	N/A
Machine & Equip.	Heavy Equipment					
		Grader	\$10,000	5 years	Straight-line	50%
		Tractors	\$10,000	15 years	Straight-line	N/A
		Caterpillars	\$10,000	15 years	Straight-line	N/A
		Motor Scrapers	\$10,000	15 years	Straight-line	N/A
		Backhoe	\$10,000	15 years	Straight-line	N/A
		Track hoe	\$10,000	15 years	Straight-line	N/A
Cranes	\$10,000	15 years	Straight-line	N/A		

Asset Class	Capital Asset Category	Particulars	Threshold	Estimated Useful Life	Amortization Method	Residual Value
Machine & Equip.	Heavy Equipment	Trucks	\$10,000	15 years	Straight-line	N/A
		Other	\$10,000	15 years	Straight-line	N/A
Machine & Equip.	Operating Equipment	Ridge Mulchers	\$5,000	10 years	Straight-line	N/A
		Snow Plows	\$5,000	10 years	Straight-line	N/A
		Rotary Mowers	\$5,000	10 years	Straight-line	N/A
		Forklifts	\$5,000	10 years	Straight-line	N/A
		Utility Trailers	\$5,000	10 years	Straight-line	N/A
		Packers	\$5,000	10 years	Straight-line	N/A
		Sprayers	\$5,000	10 years	Straight-line	N/A
		Rock pickers	\$5,000	10 years	Straight-line	N/A
		Parking Meters	\$5,000	10 years	Straight-line	N/A
		Other	\$5,000	10 years	Straight-line	N/A
Machine & Equip.	Tools	Radios	\$2,500	10 years	Straight-line	N/A
		Security Systems	\$2,500	10 years	Straight-line	N/A
		Welders	\$2,500	10 years	Straight-line	N/A
		GPS	\$2,500	10 years	Straight-line	N/A
		Power Plants	\$2,500	10 years	Straight-line	N/A
		Washers	\$2,500	10 years	Straight-line	N/A
		Presses	\$2,500	10 years	Straight-line	N/A
		Hoists	\$2,500	10 years	Straight-line	N/A
		Defibrilaors	\$2,500	10 years	Straight-line	N/A
		Saws	\$2,500	10 years	Straight-line	N/A
		Other	\$2,500	10 years	Straight-line	N/A
Machine & Equip.	Computer Software		\$3,000	5 years	Straight-line	N/A
	Computer Hardware		\$3,000	5 years	Straight-line	N/A
	System Development		\$3,000	5 years	Straight-line	N/A
Machine & Equip.	Office - Furniture/Equipment	Per Individual Article	\$1,000	5 years	Straight-line	N/A

Asset Class	Capital Asset Category	Particulars	Threshold	Estimated Useful Life	Amortization Method	Residual Value
Machine & Equip.	Recreation\Other	Per Individual Installation	\$5,000	10 years	Straight-line	N/A
Infrastructure	Roads/ Street Const.	Primary Grid - Gravel	All	40 years	Straight-line	N/A
		Grid - Gravel	All	40 years	Straight-line	N/A
		M.F.A. - Gravel	All	40 years	Straight-line	N/A
		Local - Gravel	All	40 years	Straight-line	N/A
		Streets	All	40 years	Straight-line	N/A
Infrastructure	Roads/ Street - Paving	Primary Grid - Sub-Base/Base	All	40 years	Straight-line	N/A
		Primary Grid - Surface	All	15 years	Straight-line	N/A
		Grid - Sub-Base/Base	All	40 years	Straight-line	N/A
		Grid - Surface	All	15 years	Straight-line	N/A
		Streets	All	15 years	Straight-line	N/A
Infrastructure	Roads/ Street - Other	Curbs	All	40 years	Straight-line	N/A
		Street Lights, Signals	All	40 years	Straight-line	N/A
		Sidewalks	All	40 years	Straight-line	N/A
		Gravel Pits	All	Indefinite	Straight-line	N/A
Infrastructure	Culverts	Per Individual Installation	\$5,000	40 years	Straight-line	N/A
Infrastructure	Bridges - Construction		All	40 years	Straight-line	N/A
			All	15 years	Straight-line	N/A
Infrastructure	Low Level Crossings		All	40 years	Straight-line	N/A
Infrastructure	Water Infrastructure	Water Systems	All	40 years	Straight-line	1.00
		Sewer Systems	All	40 years	Straight-line	1.00
		Reservoirs/Dams	All	40 years	Straight-line	1.00
		Sewage Lagoons	All	40 years	Straight-line	1.00
		Miscellaneous	All	40 years	Straight-line	N/A

Asset Class	Capital Asset Category	Particulars	Threshold	Estimated Useful Life	Amortization Method	Residual Value
Infrastructure	Community Water Wells		\$2,500	25 years	Straight-line	1.00
Infrastructure	Airports, Landfills	Costs Associated with construction - other than land purchases	All	Indefinite	Straight-line	1.00
Infrastructure	Other		All	15 years	Straight-line	N/A



# Schedule A

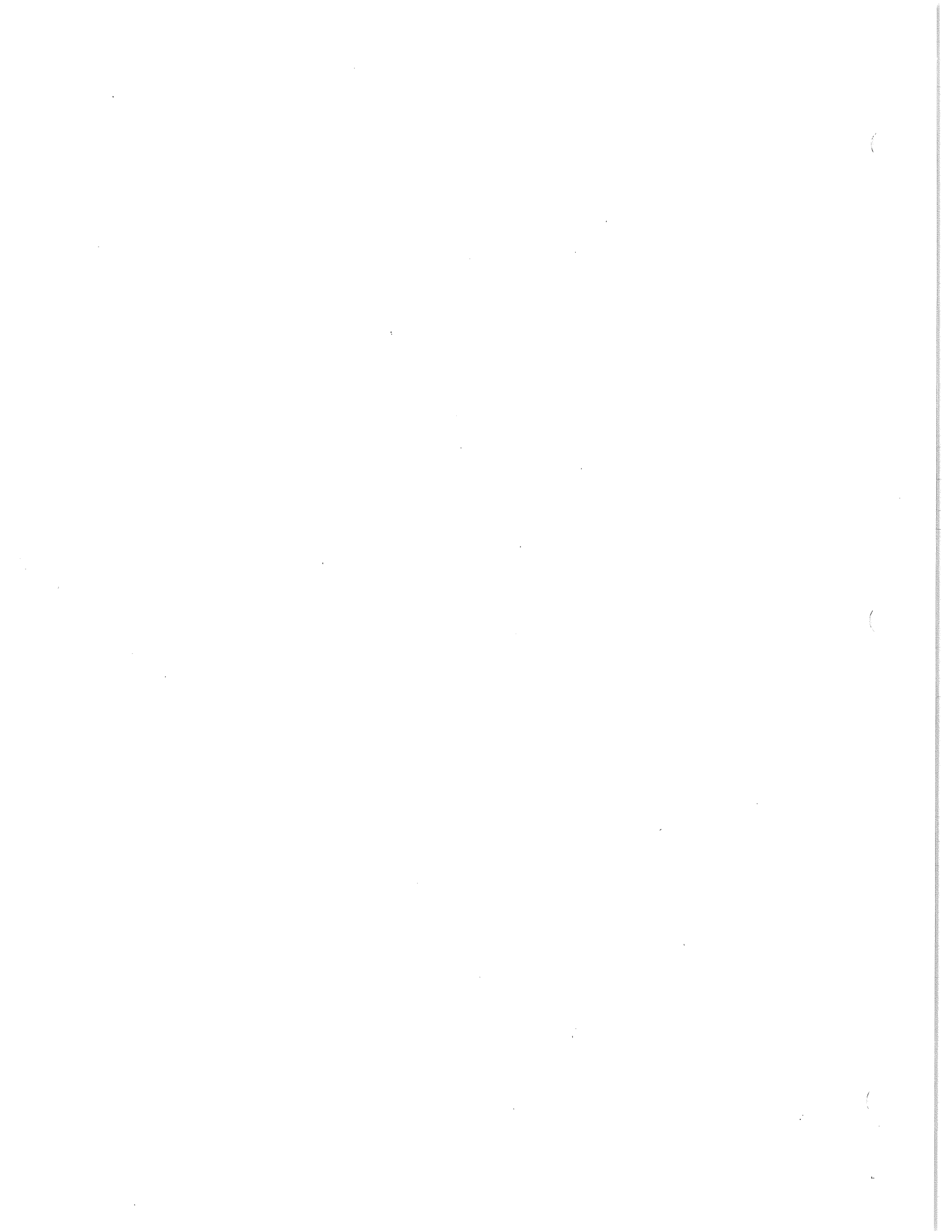
## Capital Asset Categories - RM 322 - December 10<sup>th</sup>, 2009

The following table lists the capital asset categories and examples of assets and costs included in each category.

Asset Class	Capital Asset Category	Examples of Capital Assets	Examples of Capital Asset Costs
Land	Land	<ul style="list-style-type: none"> <li>- land acquired for parks and recreation , conservation purposes, building sites and other programs</li> <li>- land purchased for road construction, surface drainage, areas for future expansion, Gravel Pits, Cemeteries, Landfills, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Purchase price</li> <li>- Professional fees for title searches, architect, legal, engineering, appraisals, environmental surveys, Subdivision Costs</li> <li>- Improvement and development costs such as land excavation, filling, grading, drainage, demolition of existing buildings (less salvage)</li> <li>- Only Right of Ways that have been purchased . Original Right of Ways established on the Original Land Surveys are NOT to be listed</li> </ul>
Land Improvements	Land Improvements	<ul style="list-style-type: none"> <li>- Fencing and gates, parking lots, paths and trails, landscaping, swimming pools, playgrounds, tennis courts</li> </ul>	<ul style="list-style-type: none"> <li>- Original purchase price or completed project costs including costs of material and labour or costs of a contractor</li> </ul>
Buildings	<ul style="list-style-type: none"> <li>Buildings - high quality construction</li> <li>Buildings - medium quality construction</li> <li>Buildings - average quality construction</li> <li>Buildings - short term</li> </ul>	<ul style="list-style-type: none"> <li>- buildings with fireproofed structural steel frames with reinforced concrete or masonry floors and roofs</li> <li>- buildings with reinforced concrete frames and concrete or masonry floors and roofs</li> <li>- buildings with masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slabs on grade</li> <li>- operational storage facilities, sheds, small buildings, salt sheds, asphalt tanks, inventory storage buildings and pump houses</li> </ul>	<ul style="list-style-type: none"> <li>- original purchase price or completed project costs including basic costs of material and labour or costs of a contractor</li> <li>- costs to remodel, recondition or alter a purchased building to make it ready to use for the acquired purpose</li> <li>- preparation of plans blueprints, and specifications</li> <li>- costs of building permits, studies, tests (pre-acquisition costs)</li> <li>- professional fees for title searches, architect, legal, engineering, appraisals, environmental surveys</li> <li>- operating costs such as temporary buildings used during construction</li> </ul>
Buildings	Building improvements	<ul style="list-style-type: none"> <li>- major repairs that increase the value or useful life of the building such as structural changes, installation or upgrade of heating and cooling systems, plumbing, electrical, telephone systems</li> </ul>	<ul style="list-style-type: none"> <li>- complete project costs including basic costs of material and labour or costs of a contractor</li> <li>- preparation of plans, blueprints, and specifications</li> <li>- cost of building permits, studies, tests</li> <li>- professional fees for architect, legal, engineering, appraisals, environmental surveys</li> <li>- operating costs such as temporary buildings used during construction</li> </ul>

Asset Class	Capital Asset Category	Examples of Capital Assets	Examples of Capital Asset Costs
Buildings	Leasehold and occupancy improvements	<ul style="list-style-type: none"> <li>- improvements that increase the functionality of leased or similar accommodations (refer to the assets listed under the "building improvements" category)</li> </ul>	<ul style="list-style-type: none"> <li>- costs similar to those listed under the "building improvements" category</li> </ul>
Vehicles	Vehicles	<ul style="list-style-type: none"> <li>- used primarily for transportation of passengers such as automobiles, trucks under one ton, vans, boats and ferries, all terrain vehicles, snowmobiles, motorcycles and ambulances</li> </ul>	<ul style="list-style-type: none"> <li>- original contract price or invoice price</li> <li>- freight charges</li> <li>- sales taxes on acquisition</li> <li>- costs of reconditioning used items when purchased</li> </ul>
Machinery & Equipment	Heavy equipment	<ul style="list-style-type: none"> <li>- power and construction equipment such as graders, tractors, cranes, drill rigs, caterpillars, fire trucks, and trucks one ton and over</li> </ul>	<ul style="list-style-type: none"> <li>- original contract price or invoice price</li> <li>- freight charges</li> <li>- sales taxes on acquisition</li> <li>- installation charges</li> <li>- charges for testing and preparation</li> <li>- costs of reconditioning used items which purchased</li> <li>- parts and labour associated with the construction of equipment</li> </ul>
Machinery & Equipment	Operating equipment	<ul style="list-style-type: none"> <li>- equipment used in the routine operations of the municipality including - but not limited to: such articles as forklifts, utility trailers, snow plows, mowers, packers, sprayers, rock pickers, riding mowers, parking meters,</li> </ul>	<ul style="list-style-type: none"> <li>- original contract price or invoice price</li> <li>- freight charges</li> <li>- sales taxes on acquisition</li> <li>- installation charges</li> <li>- charges for testing and preparation</li> <li>- costs of reconditioning used items which purchased</li> <li>- parts and labour associated with the construction of equipment</li> </ul>
Machinery & Equipment	Tools	<ul style="list-style-type: none"> <li>- articles used in the maintenance of equipment, buildings, shops, laboratories, medical, safety, appliances, scientific research, education and communication such as radios, security systems, welders, GPS, power plants, air compressors, pressure washers, saws, presses, hoists, defibrillators, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- original contract price or invoice price</li> <li>- freight charges</li> <li>- sales taxes on acquisition</li> <li>- installation charges</li> <li>- charges for testing and preparation</li> <li>- costs of reconditioning used items which purchased</li> <li>- parts and labour associated with the construction of equipment</li> </ul>
Machinery & Equipment	Computer Software	<ul style="list-style-type: none"> <li>- off the shelf software and related upgrades, software licenses after removing any maintenance or similar charges</li> </ul>	<ul style="list-style-type: none"> <li>- purchase price of off the shelf software and related upgrades</li> <li>- sales taxes on acquisition</li> <li>- installation charges</li> </ul>

Asset Class	Capital Asset Category	Examples of Capital Assets	Examples of Capital Asset Costs
Machinery & Equipment	Computer Hardware	<ul style="list-style-type: none"> <li>- servers, voice logging equipment, scanners, printers, hard drives, modems, tape drives, and plotters</li> </ul>	<ul style="list-style-type: none"> <li>- purchase price</li> <li>- installation charges</li> <li>- freight and transit charges</li> <li>- sales taxes on acquisition</li> </ul>
Machinery & Equipment	System Development	<ul style="list-style-type: none"> <li>- consultant fees, web site development and custom develop software</li> </ul>	<ul style="list-style-type: none"> <li>- external direct costs of materials and services such as consultant fees</li> <li>- web site development costs</li> <li>- costs to acquire software and any custom development</li> <li>- salary and related benefits of employees directly associated with the application development stage</li> <li>- costs of upgrades that improve the functionality of the system</li> </ul>
Machinery & Equipment	Office furniture and Equipment	<ul style="list-style-type: none"> <li>- desks, tables, chairs, filing cabinets, fax machines, photocopiers, videoconferencing stations, projectors, and digital cameras</li> </ul>	<ul style="list-style-type: none"> <li>- original contract price or invoice price</li> <li>- freight and installation charges</li> <li>- sales taxes on acquisition</li> <li>- costs of reconditioning used items when purchased</li> <li>- parts and labour associated with the construction of furniture</li> </ul>
Machinery & Equipment	Miscellaneous Recreation/Other	<ul style="list-style-type: none"> <li>- Includes articles that are not normally included in other categories including such things as playground equipment, Cenotaphs, Cairns, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- original contract price or invoice price</li> <li>- freight and installation charges</li> <li>- sales taxes on acquisition</li> <li>- costs of reconditioning used items when purchased</li> <li>- parts and labour associated with the construction of furniture</li> </ul>
Infrastructure	Roads/Streets - construction	<ul style="list-style-type: none"> <li>- municipal roads</li> </ul>	<ul style="list-style-type: none"> <li>- direct costs of construction including tender construction costs, labour, materials, survey costs, and project specific design costs</li> <li>- construction and material costs related to overhead structures and signage</li> <li>- salary and travel costs for employees assigned to the project for direct management duties such as project management, inspection and quality control</li> </ul>
Infrastructure	Roads/Streets - repaving	<ul style="list-style-type: none"> <li>- major resurfacing and preservation overlays on municipal roads</li> </ul>	<ul style="list-style-type: none"> <li>- direct costs of construction including labour and materials</li> <li>- salary and travel costs for employees assigned to the project for direct management duties such as project management, inspection and control</li> </ul>



Asset Class	Capital Asset Category	Examples of Capital Assets	Examples of Capital Asset Costs
Infrastructure	Roads/Streets - other	- light systems (traffic, outdoor, street) signals for railways, new signage initiative, rumble strips and aggregate pit acquisition costs, sidewalks, curbs	<ul style="list-style-type: none"> <li>- original purchase price</li> <li>- installation charges</li> <li>- charges for testing and preparation.</li> <li>- parts and labour associated with construction and installation</li> </ul>
Infrastructure	Culverts	Culverts	<ul style="list-style-type: none"> <li>- Direct costs of construction including tender construction costs, labour, materials, survey costs, and project specific design costs</li> <li>- Salary and travel costs for employees assigned to the project for direct management, inspection and quality control</li> </ul>
Infrastructure	Bridges	Bridges	<ul style="list-style-type: none"> <li>- Direct costs of construction including tender construction costs, labour, materials, survey costs, and project specific design costs</li> <li>- Salary and travel costs for employees assigned to the project for direct management, inspection and quality control</li> </ul>
Infrastructure	Low Level Crossings	Low Level Crossings	<ul style="list-style-type: none"> <li>- Direct costs of construction including tender construction costs, labour, materials, survey costs, and project specific design costs</li> <li>- Salary and travel costs for employees assigned to the project for direct management, inspection and quality control</li> </ul>
Infrastructure	Water infrastructure	- water systems, dams, drainage facilities, docks, sewer systems, sewage lagoons, marinas, reservoirs, pumping facilities, tanks and associated infrastructure	<ul style="list-style-type: none"> <li>- original purchase price</li> <li>- direct costs of construction including labour and materials</li> <li>- salary and travel costs for employees assigned to the project for direct management duties such as project management, inspection and quality control</li> </ul>
Infrastructure	Community Wells	- Community water wells, rural water pipelines, etc. pumping facilities, tanks and associated infrastructure	<ul style="list-style-type: none"> <li>- original purchase price</li> <li>- direct costs of construction including labour and materials</li> <li>- salary and travel costs for employees assigned to the project for direct management duties such as project management, inspection and quality control</li> </ul>
Infrastructure	Other infrastructure	- landfills, tanker bases, helipad, dump stations airports	<ul style="list-style-type: none"> <li>- costs that support infrastructure not included in other categories</li> </ul>

