

Summer Village of South Baptiste

Capital Tangible Asset Policy - #2025-001

1. Purpose

The purpose of this policy is to establish guidelines for the identification, classification, recording, and reporting of capital tangible assets in the Summer Village of South Baptiste. This policy ensures compliance with financial reporting standards and provides a framework for asset management, budgeting, and long-term financial planning.

2. Scope

This policy applies to all tangible capital assets owned, acquired, or disposed of by the Summer Village of South Baptiste, including but not limited to land, buildings, equipment, infrastructure, and vehicles.

3. Definitions

Tangible Capital Assets (TCA): Non-financial assets with physical substance that are used in operations and are not intended for sale.

Capitalization Threshold: The minimum cost at which an asset is recorded as a capital asset rather than an expense.

Useful Life: The estimated period during which the asset is expected to be used.

Amortization: The systematic allocation of the cost of an asset over its useful life.

4. Capitalization Thresholds

Tangible capital assets will be capitalized if they meet the following cost thresholds:

- Land: All acquisitions
- Buildings: \$10,000 and above
- Equipment: \$5,000 and above
- Vehicles: \$5,000 and above
- Infrastructure (roads, water, sewer): \$25,000 and above

5. Asset Categories & Useful Life

Asset Category	Useful Life (Years)
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Land	Not amortized
Buildings	25 - 75
Equipment	5-10
Vehicles	10 - 15
Infrastructure	10-20

6. Amortization Method

The straight-line method will be used to allocate the cost of tangible capital assets over their useful life. Amortization begins in the year the asset is put into service and continues until the asset is fully depreciated or disposed of. In year of acquisition, half the normal amortization is taken

7. Asset Acquisition & Disposal

7.1 Acquisition

- Assets may be acquired through purchase, construction, donation, or transfer.
- All acquisitions must be approved in accordance with municipal procurement policies.
- Assets received as donations will be recorded at fair market value at the time of acquisition.

7.2 Disposal

- Assets that are obsolete, damaged, or no longer required will be disposed of in an appropriate manner.
- Proceeds from the sale of tangible capital assets will be recorded as revenue.
- Disposal of significant assets requires Council approval.

8. Asset Impairment

An asset is considered impaired when its service potential is reduced due to physical damage, technological changes, or legal restrictions. Impaired assets will be assessed for write-downs based on fair market value.

9. Financial Reporting

- Tangible capital assets will be recorded in the financial statements in compliance with Public Sector Accounting Standards (PSAS).
- Annual asset valuations and amortization calculations will be prepared and reported to Council.

10. Responsibilities

- **Council:** Approves asset acquisitions, disposals, and financial policies.
- **Administration:** Maintains asset records, performs valuations, and ensures compliance with financial reporting standards.

11. Review & Amendments

This policy will be reviewed periodically by the Administration and Council to ensure its effectiveness. Amendments require Council approval. This policy replaces previous 2010 policy.

Adopted by Council on: March 18, 2025

Signed: Mayor: Wendy Appleby
Wendy Appleby (May 12, 2025 18:13 MDT)

Chief Administrative Officer: Linda Roland