

**CITY OF WETASKIWIN**

<b>Policy #</b>  CO-014	<b>Policy Name:</b>  TANGIBLE CAPITAL ASSETS	<b>Adopted:</b>  JULY 28, 2008
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**Policy Statement**

The City of Wetaskiwin is required to comply with the Public Accounting Standards Board Guideline Section PS3150 Tangible Capital Assets. Section PS3150 prescribe the accounting treatment for tangible capital assets so that users of the financial statements can discern information about the investment in property, buildings and equipment and the changes in such investments.

**Guidelines**

1. The policy applies to all City Departments, boards and any other organizations falling within the reporting entity of the City of Wetaskiwin.
2. Tangible capital assets are used in operations and have initial useful lives extending beyond a single reporting period.
3. Tangible capital assets should be accounted for and reported as assets on the statement of financial position and shall be classified using distinct categories. These categories are to be utilized as follows:
  - Land
  - Land Improvements
  - Buildings
  - Engineering Structures
  - Machinery & Equipment
  - Vehicles
  - Cultural & Historical Assets
4. Tangible capital assets are to be accounted for at historical cost, or if cost is not practically determinable, at estimated fair market value at the time acquired. Cost includes all expenses associated with the acquisition, construction, and installation of a capital asset.
5. Tangible capital assets with a limited useful life should be amortized over its useful life in a rational and systematic manner appropriate to its nature and use.
6. The amortization of the costs of tangible capital assets should be accounted for as expenses in the statement of operations.

7. The amortization method and estimated useful life of the remaining unamortized portion of the tangible capital asset should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.
8. When a tangible capital asset no longer contributes to the ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset should be reduced to reflect the decline in value. The net write-down of tangible capital asset should be accounted for as an expense in the statement of operations.
9. The net difference between the net proceeds on disposal of a tangible capital asset and the net book value of the asset should be accounted for as revenue or expense in the statement of operations.
10. The financial statements should disclose the following information about tangible capital asset.
  - The amortization method used, including the amortization period or rate for each category.
  - The net book value not being amortized because they are under construction or development or have been removed from service.
  - The nature and amount of contributed tangible capital assets received in the period and recognized in the financial statement.
  - The nature and use of tangible capital assets recognized at nominal value.
  - The nature of the work of art and historical treasures held.
  - The amount of interest capitalized in the period.