POLICY No.: GV-002

Tangible Capital Asset Policy

Established DECEMBER 2008

Policy Number	**GV-002**		
Approval Date	**12-Jan-2026**	**Resolution No.**	**011-2026**
Amendment Date		**Resolution No.**	

Document Revision History

Amendment Date	**Amendment Summary**

Policy Statement

This policy is not intended to be comprehensive, but rather "live" in its ongoing usage. Hence, it shall be updated on a regular basis.

The object of this policy is to prescribe the accounting treatment for tangible capital assets so that users of the financial report can discern information about the investment in property, plant and equipment and the changes in such investment. The principal issues in accounting for tangible capital assets are the recognition of such assets, the determination of their carrying amounts, and amortization charges and the recognition of related impairment losses.

In addition, this policy covers policy and procedures to:

I. Protect and cover the use of all tangible assets
II. Provide accountability over tangible assets
III. Gather and maintain information needed to prepare financial statements

Scope

This policy applies to all Town of Churchbridge areas of responsibility – those legislated by *The Municipalities Act* and also those developed by council through the administration of statues and bylaws.

Definitions

Tangible Capital Assets: **-** assets having a physical substance that:

I. Are used on a continuing basis by the Town of Churchbridge
II. Have useful lives that normally extend beyond one year
III. Are not held for resale in the ordinary course of operations- not inventory for resale or operations.

Betterments (improvement costs) – are expenses for improvements that increase the physical output, or the service capacity; lowers operating costs; extends the longevity; or improves the quality of the assets operations. Repairs or maintenance costs are not included in this area for they are expensed annually.

Group Assets– tangibles that have a unit value below the capitalization cash threshold, but have material value as a group. Normally recorded as a single asset, each unit can be recorded in a sub- ledger for monitoring and control of its use and maintenance. For example a computer system made of the separate units, office furniture, etc.

Fair Value – is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are in no compulsion to act.

Capital Lease – is a lease with contractual terms that transfer substantially all the benefits and risks inherent in ownership of property to the Town.

For lease to be considered as such it must meet one of the following conditions.

I. there is reasonable assurance that the Town will obtain ownership of the leased property at the end of the lease.
II. the lease is of such duration that the Town will receive substantially all the economic benefits of the leased property expected to be derived over the life span of the lease.
III. the lessor would be assured of recovering the investment in the leased property and of earning a return on the investment as a result of a lease agreement.

Capitalization

Capital assets should be capitalized (recorded in the fixed asset sub-ledger) according to the following thresholds:

I. all land
II. all buildings
III. civil infrastructure systems with unit costs of $ 25,000 or more

IV. all others with unit cost of $ 5000 or more.

** Different thresholds shall be set by the administrator. Improvements will be added to the capitalized costs once they have exceeded the threshold.

Categories

The Town of Churchbridge shall use the following list of categories for capitalizing the assets.

I. land
II. buildings
III. equipment
IV. streets
V. water
VI. sewer
VII. landfill
VIII. communications systems
IX. vehicles
X. furniture or fixtures
XI. computer systems

Valuation

Tangible capital assets shall be recorded at cost plus ancillary charges necessary to place the asset in its intended location and condition for use.

I. Cost is the gross amount – this includes taxes, delivery charges, freight ,set up/installation less discounts or rebates
II. Cost of land is the acquisition cost plus legal fees, taxes, etc. This also includes the cost of preparing/cleaning the property.

Note: if fair value is not readily determined, a reasonable approach shall be used to determine the value of the asset as soon as it is required.