	<i>Tangible Capital Assets</i>	
	Policy Type:	Council-Management Delegation
	Number:	CMD-F-2.1
	To be Reviewed:	Once per term
	Approval Date:	March 8, 2010
	Motion Number:	10.C.115
	Revised Date(s):	

Policy Statement:

The CAO, or designate, will account for and report on Tangible Capital Assets in accordance with the requirements of Alberta Municipal Affairs, Generally Accepted Accounting Principles (GAAP), the standards and practices of the Canadian Institute of Chartered Accountants (CICA) and the requirements of the Public Section Accounting Board (PSAB).

The CAO will maintain effective internal controls to manage its tangible capital assets and proper records regarding acquisition, use and disposition of these assets. The Chief Financial Officer has been delegated the authority to develop and maintain these.


The CAO will develop guidelines that must be adhered to for the following:

- Classification of Assets
- Capitalization Thresholds
- Valuation of Assets
- Amortization of Methods and Rates
- Write-Downs of Assets
- Disposals of Assets
- Asset Recording and Management System

Purpose:

The purpose of this policy is to:

- Ensure all capital assets purchased, acquired or constructed are accounted for appropriately
- Gather and maintain information needed to prepare financial statements
- Safe-guard and control the use of all tangible capital assets
- Provide accountability over tangible capital assets
- Provide information for informed decision making regarding the management of tangible capital assets
- Provide maximum benefit from tangible capital assets.

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Definitions:

Tangible Capital Assets (TCA): are non-financial assets having physical substance that:

- a. are held for use 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;
- b. have useful economic lives extending beyond an accounting period (one year);
- c. are to be used on a continuing basis; and
- d. are not for sale in the ordinary course of operations.

Amortization: the accounting process of allocating the cost less the residual value for a tangible capital asset to operating periods as an expense over its useful life in a rational and systemic manner appropriate to its nature and use. Amortization expense is the periodic amount that represents the cost associated with providing town services, regardless of how the acquisition of tangible capital assets is funded. Depreciation accounting is another commonly used term to describe the amortization of tangible capital assets.

Assets: economic resources controlled by the Town as a result of past transactions or events and from which future economic benefits may be obtained. Assets have three (3) essential characteristics:

- a. They embody a future benefit that involves a capacity, singly or in combination with other assets, to provide future net cash flows, or to provide goods and services;
- b. The town can control access to the benefit; and
- c. The transaction or event giving rise to the Town's control of the benefit has already occurred.

Capitalization threshold: the value above which assets are capitalized and reported in the financial statements.

Disposal of tangible capital assets: may occur as a result of a sale, destruction or abandonment.

Write-down: a reduction in the cost of a tangible capital asset to reflect the decline in the asset's value due to a permanent impairment.