



M. D. OF GREENVIEW NO. 16
POLICY & PROCEDURES MANUAL

Section:
ADMINISTRATION

POLICY NUMBER: AD 33

POLICY TITLE:	TANGIBLE CAPITAL ASSETS	Page 1 of 3
Date Adopted by Council / Motion Number:		10.28.584

PURPOSE:

To ensure the Municipal District of Greenview is in compliance with the accounting regulations for tangible capital assets as determined by the Public Sector Accounting Board and Alberta Municipal Affairs.

POLICY:

All Canadian Municipalities are required by the Public Sector Accounting Board to record the annual amortization of their capital assets beginning with the 2009 fiscal year. Compliance by the Municipal District is required in order to prevent the M.D. from receiving a qualified audit, which would cause an impediment on the Municipal District's ability to borrow and conduct other financial transactions in the future.

The Municipal District shall take appropriate and reasonable measures to identify, safeguard, track and record all tangible capital assets.

DEFINITIONS:

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

Attractive Items are fixed asset items with a monetary value under the threshold amount as shown in Appendix A. Attractive items will be recorded and tracked independent of tangible capital assets.

Fixed 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 capital assets.
- Have useful economic lives extending beyond a year and are intended to be used on a continuing basis.
- Are not intended for sale in the ordinary course of operations.

Tangible Capital Assets are fixed assets with a monetary value that meets the threshold amount as shown in Appendix A.

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

PROCEDURE:

- 1.0 A comprehensive inventory of all tangible capital assets and attractive items owned and/or managed by the Municipal District of Greenview shall be maintained by Corporate Services.
- 2.0 A record of each fixed asset shall include the acquisition date, item, description, original cost, annual amortization costs, asset life and any other information that is pertinent.
- 3.0 The Manager of Finance or his/her designate shall, upon receipt of approved invoice, update the General Ledger to record the fixed asset and issue a fixed asset number to the respective department for identification.
- 4.0 Department Heads shall ensure that the fixed asset number or another approved, unique identifier is placed on the item for asset management purposes.
- 5.0 Department Heads shall conduct a check and verification of fixed assets in their department on a regular basis and notify the Manager of Finance of any lost, stolen or damaged items.
- 6.0 The Manager of Finance shall ensure physical inspection, verification of items, acknowledgement and date of inspection have been recorded.
- 7.0 Annually, prior to November 30th of each year, the Director of Corporate Services shall prepare a recommendation to Council for the write-off and disposal of fixed assets that are no longer needed for municipal operations.
- 8.0 Upon approval from Council, the C.A.O. shall authorize the removal of the fixed assets from the General Ledger.
- 9.0 The C.A.O. shall be authorized to write off attractive assets and present a summary report of all municipally owned property and assets for Council for their information.
- 10.0 **Interim Asset Management**
 - 10.1 All tangible capital assets shall be recorded by the Accounts Payable Clerk at the time of payment.
 - 10.2 A record of each fixed asset shall include purchase date, item, description, original cost and any other information that is pertinent to the accounting of tangible capital assets.
 - 10.3 The Manager of Finance or his/her designate, shall, upon approved invoice, update the General Ledger to record tangible capital assets.
 - 10.4 The Manager of Finance or his/her designate, shall issue an asset identification number to the respective department for identification purposes.

- 10.5 Department Heads shall ensure that the fixed asset number is placed on the item for record purposes.
- 10.6 Prior to May and November of each year, Department Heads shall conduct a fixed asset check and verification.
- 10.7 The Manager of Finance or his/her designate shall ensure the physical inspection, verification of item, acknowledgement and date of inspection have been recorded.
- 10.8 Department Heads shall notify the Manager of Finance of any lost, stolen or damaged items.
- 10.9 Annually, prior to November 30th of each year, the Manager of Finance shall prepare a recommendation to Council for the write-off of the fixed assets.
- 10.10 Upon approval from Council, the C.A.O. shall authorize the removal of the fixed asset from the fixed assets list.
- 10.11 The Manager of Finance shall issue an attractive item number and shall keep a separate list from the fixed assets list.
- 10.12 Attractive items shall be inspected in November of each year at the same time as fixed assets are done, and verified with a continuous list as provided by the Accounts Payable Clerk.
- 10.13 The C.A.O. shall be authorized to write-off attractive items and present an annual list to Council.
- 10.14 The Manager of Finance shall be advised of all engineered structure changes to ensure that the asset value can be recorded accordingly.

(Original signed copy on file)

Reeve

C.A.O.