POLICY

	Policy:	**Tangible Capital Assets**		
	Department:	Corporate Services		
	Division:	Financial Services	By-Law No.:	N/A
	Administered By:	Treasurer	Approval Date:	Aug. 10, 2026
	Replaces:	Tangible Capital Assets – December 15, 2025		
	Attachment(s):	Appendix A: Tangible Capital Asset Life Years and Thresholds		

1. POLICY STATEMENT

The Corporation of the Town of Amherstburg is committed to ensuring that the necessary and appropriate controls are employed for the recording and reporting requirements of Tangible Capital Assets (TCAs) that are compliant with generally accepted accounting principles as outlined in the Public Sector Accounting Board (PSAB) 3150 standard, being a compliance standard required by legislation.

2. PURPOSE

2.1. This Policy facilitates PSAB 3150 compliance in establishing criteria for:

2.1.1. The accounting functions of acquisitions (including donations), disposals, betterments, write-downs, and transfers of TCAs.

2.1.2. The valuation, recording, and reporting of TCAs.

2.1.3. The monitoring of compliance to PSAB 3150 and other related corporate policies and procedures.

2.2. This policy provides overall direction for the capitalization of assets. This policy enables Administration to make consistent and sound decisions and plan ahead for future needs.

2.3. This policy intends to provide the public with confidence in our accounting and financial reporting processes.

3. SCOPE

3.1. This policy applies to all Town departments, agencies and boards funded by the Town, in whole or in part, or whose governing body contains Town representation and whose financial transactions are accounted for within the Town’s financial systems.

3.2. This policy shall be reviewed every five (5) years from the date it becomes effective, and/or sooner at the discretion of the CAO or designate.

4. DEFINITIONS

4.1. **Amortization** is the accounting process of allocating the cost less the residual value of a tangible capital asset to operating periods as an expense over its useful life in a rational and systematic manner appropriate to its nature and use.

4.2. **Betterment** is a cost incurred to enhance the service potential of a TCA. Service potential is enhanced when there is an increase to the previously assessed physical output or service capacity, reduced associated operating costs, extended estimated useful life, and/or improvement to the quality of a TCA's output. The cost of a betterment is considered to be part of the cost of a TCA and would be added to the recorded cost of the related TCA.

4.3. **Cost of TCA** is the gross amount of consideration given up to acquire, construct, develop or better a TCA. This includes all costs attributable to the asset's acquisition, construction, development or betterment, including installing the asset at the location and in the condition necessary for its intended use. Cost also includes any asset retirement obligation costs associated with the TCA. The cost of a contributed TCA, including a tangible capital asset in lieu of a developer charge, is considered to be equal to its fair value at the date of the contribution. Capital grants would not be netted against the cost of the related TCA. The cost of a leased TCA is determined in accordance with Public Sector Guideline PSG-2 Leased Tangible Capital Assets. Included in the cost of TCA are:

4.3.1. Temporary financing incurred during the construction of an asset;

4.3.2. Development charges and permits;

4.3.3. Legal and professional costs;

4.3.4. All non-recoverable taxes.

4.4. **Disposal** is the processes involved in the removal of a TCA from use and from the TCA sub-ledger subsequent to:

4.4.1. Donation

4.4.2. Sale

4.4.3. Abandonment

4.4.4. Destruction

4.5. **Fair Value** is defined in accounting standards as the amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction where either party is under no compulsion to act.

4.6. **Half-Year Rule** is the assumption for tax purposes that a newly acquired asset is placed in service halfway through the year, regardless of when the asset is actually acquired and placed in service. The half-year convention affects annual depreciation, taxation, and earnings calculations.

4.7. **Heritage or Cultural Assets** such as works of art, archeological sites, and historical buildings are not subject to capitalization and amortization since it is not possible to make a reasonable estimate of the future benefits of such property. Existence of heritage or cultural assets will be disclosed as a note to the financial statements.

4.8. **Linear Assets** are assets constructed or arranged in a continuous and connected network, such as roads and sewers.

4.9. **Pooled Assets** are assets that have a unit value below the capitalization threshold but when acquired or assumed as a group, have a combined value that exceeds the capitalization threshold. Such assets are recorded as pooled TCAs and amortized as a single asset category. Rehabilitation or replacement of pooled assets are not recorded separately and expensed in the year incurred. The following assets are approved for pooling by the Town:

4.9.1. Computers and Peripherals

4.9.2. Software

4.9.3. Streetlights

4.9.4. Fire Hydrants

4.10. **PSAS** refers to the Public Sector Accounting Standards.

4.11. **Straight-Line Amortization** allocates the cost less estimated residual value of a capital asset equally over each year of its estimated useful life. TCAs shall be deemed to have no residual value for the purposes of calculating amortization.

4.12. **Tangible Capital Assets (TCAs)** are non-financial assets having physical substance that:

4.12.1. 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.

4.12.2. Have useful economic lives extending beyond an accounting period.

4.12.3. Are to be used on a continuing basis.

4.12.4. Are not for sale in the ordinary course of operations.

4.13. **Useful Life** is the estimate of either the period over which a local government expects to use a TCA, or the number of production, or similar units that it can obtain from the TCA. The life of a TCA may extend beyond its useful life. The life of a TCA, other than land, is finite and is normally the shortest of the physical, technological, commercial, and legal life.

4.14. **Write-down** is a reduction in the cost of a TCA to reflect the decline in the asset’s value due to a permanent impairment.

4.15. **Work in Progress (WIP)** is the accumulation of costs for TCA that are in construction or development in progress but are not yet in use or the capital project is still open to accumulate costs.

Common definitions, acronyms, and terms are available in the Glossary located on the Town's Policies webpage.

5. INTERPRETATIONS:

Any reference to this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a By-law or Town policy shall be deemed to be a reference to the most recent passed policy or By-law and any replacements thereto.

6. GENERAL CONDITIONS:

6.1. Asset Category

6.1.1. TCAs will be recorded by appropriate category into the Financial Reporting as per Appendix A.

6.2. TCA Thresholds

6.2.1. Minimum thresholds for each asset category will be utilized to determine whether or not to include an asset into the TCA Financial Reporting.

6.3. Amortization and Useful Life

6.3.1. TCAs will be assigned an appropriate amortization method and useful life for recording and reporting purposes in the TCA Financial Reporting. Strategies employed to assign useful lives to assets included, but are not limited to:

6.3.1.1. Engineering estimates.

6.3.1.2. Historical precedent of longevity of similar assets.

6.3.1.3. Design estimates.

6.4. Acquisitions

6.4.1. Acquisitions will be administered in accordance with the Town's Procurement Policy and will be recorded including all costs associated with making the asset operational in the calendar year purchased or donated.

6.4.2. The half-year rule will be applied for recording purposes as per PSAS.

6.5. Disposal of TCAs

6.5.1. Disposals of TCAs will be conducted in accordance with the Town's Procurement Policy and Disposition of Surplus Town Property Policy.

6.5.2. All revenue from the disposal of TCAs must be recorded to the general ledger within the appropriate department or as directed per Council resolution, and returned to the reserve account funding the replacement, as applicable.

6.6. **Write Downs**

6.6.1. Normal wear and tear does not constitute a write-down and is considered normal amortization.

6.6.2. All reported write-downs will be evaluated on a case-by-case basis using a consultative process.

6.7. **TCA Capital Leases**

6.7.1. All reported capital leases will be evaluated on a case-by-case basis using a consultative process.

7. RESPONSIBILITITES

7.1. **Council** has the authority and responsibility to:

7.1.1. Adopt the Tangible Capital Asset Policy

7.1.2. Ensure, through Administration, that policies and procedures are in place to provide for the recording and reporting of all Town of Amherstburg TCAs.

7.2. **Senior Management Team (SMT)** has the authority and responsibility to:

7.2.1. Ensure that their direct reports comply with this policy and all related TCA procedures that facilitate the recording and reporting of TCAs.

7.3. **Treasurer** has the authority and responsibility to:

7.3.1. Ensure that TCAs are reported in compliance with PSAB 3150 requirements.

7.3.2. Provide an acceptable accounting structure that supports the recording of TCAs.

7.3.3. Provide communication, training, and on-going support regarding the use of this policy and related procedures.

7.3.4. Review this policy and attached appendices annually, or sooner if required, and update as necessary in consultation with the Town’s external auditors.

7.4. **Supervisor of Accounting** has the authority and responsibility to:

7.4.1. Assess reported TCA activity data for completeness, accuracy, and auditability.

7.4.2. Maintain the Financial Reporting of TCA including but not limited to:

7.4.2.1. Importing TCA activity data;

7.4.2.2. Data integrity verifications;

7.4.2.3. Reviewing asset categories for appropriateness;

7.4.2.4. Reviewing asset thresholds;

7.4.2.5. Reviewing useful life;

7.4.2.6. Adjusting entries as required

7.4.2.7. Reconciliation of Asset Management listings

7.4.3. Conduct an annual review of capital fund expenditures to ensure the proper capitalization of completed projects, identification, and categorization of work in progress and operating expenses.

7.4.4. Prepare an annual Year-End Asset Activity Schedule.

7.4.5. Prepare, safeguard, and maintain the TCA activity file to support all required audits.

8. LEGISLATIVE REFERENCES

APPENDIX A – TCA CATEGORIES, LIFE YEARS, AND THRESHOLDS

1. The table below is a list of asset categories, types, estimated useful life-years, and thresholds that the Town may use.

2. Capitalization thresholds are established to determine whether expenditures are to be capitalized as assets and depreciated or treated as current year expenditures charged to operations.

3. The threshold levels apply to capital goods purchased and capital projects constructed.

4. Betterments are capitalized when they meet the criteria for enhancing service.

5. Further refinement to threshold levels may occur as the Town continues to develop its asset reporting needs.

6. Land Assets are based on the cost at the time of acquisition or current market value for donated land at time of transfer.

7. Drainage Assets are not capitalized for the TCA purposes.

Primary Asset Class	Asset Category	Asset Type	Estimated Useful Life (Years)	Capitalization Threshold
Infrastructure	Water	Watermains	100	$25,000
		Water Treatment Plant	20-50	
		Water Tower	50	
	Wastewater	Sewer Mains	100	$25,000
		Pump Stations	50	
		Sewage Treatment Plant	30-50	
	Transportation	Asphalt Road Surface	20	$25,000
		Concrete Road Surface	25	
		Tar and Chip Road Surface	20	
		Road Reconstruction	40	
		Bridges/Culverts/Sidewalks	30	
		Traffic Lights	20	
	Storm Water	Stormwater System	50	$25,000
	Communication Tower		30	$25,000
General	Land		Indefinite	All
	Land Improvement	Playgrounds	5-15	$10,000
		Sports Courts and Fields	20	

Primary Asset Class	Asset Category	Asset Type	Estimated Useful Life (Years)	Capitalization Threshold
		Shelters and Washroom Buildings	20	
		Parking Lots	20	
	Buildings and Improvement	Structures	40	$35,000
		Exterior Envelops – Roof, Windows, Doors, Concrete	20	
		Interior Envelops – Flooring, Furniture & Fixtures	20	
		Mechanical/Electrical – HVA, Lighting, Security systems, Electrical Panel	20	
		Fire Safety – Control Panel, Smoke Detectors	20	
		Plumbing – Sprinkler System	20	
		Site Works – Asphalt, Water Lines, Sewer Lines	20	
	Buildings and Improvement - Arena	Air Conditioner, Brine Chillers, Compressors, Dehumidifiers	20	$35,000
		Ice Resurfacing Machinery	15	
		Ice Surface Lights	25	
		Refrigeration Condenser, Scoreboard, Sound System	25	
	Building and Improvement - Marina	Docks/Piers	30	$35,000
		Seawalls/Bulkheads	50	
		Board Walks	20	
	Vehicles	Cars and Trucks (Light, Medium, and Heavy)	5	$35,000
		Fire Trucks	15	
	Machinery and Equipment	General Machinery and Equipment	10	$10,000
		Heavy Construction Equipment	15	$35,000
Other	Pooled Assets	Computers and Peripherals	5	$25,000
		Software	5	
		Streetlights	20	
		Fire Hydrants	75	
	Work in Progress		N/A	All