



TANGIBLE CAPITAL ASSET POLICY

PURPOSE

The purpose of this policy is to establish formal guidance and direction for the application of Public Sector Accounting Standards, Section PS 3150 – Tangible Capital Assets.

DEFINITIONS

Tangible Capital Assets (TCA) are assets (including betterments) that are held for use in the production or supply of goods and services, having a useful life that extends beyond one fiscal year, are used on a continual basis, and are not held for resale in the ordinary course of operations.

Betterments are the subsequent expenditures on the tangible capital assets that enhance their service potential. Service potential may be enhanced when there is an increase in the previously assessed physical output or service capacity, where the associated operating costs are lowered, the useful life is extended, or there is an improvement to the quality of the output.

Useful life is the estimate period that an asset is determined to be useable within normal repair and maintenance, for the purpose that it was acquired. It is usually measured in years and is normally the shortest of the physical, technological, commercial, or legal life.

Amortization is the preferred term for expensing of the cost of the asset over the asset's useful life. The asset is to be amortized over the useful life of the asset in a rational and systematic manner appropriate to its nature and use for operations.

PROCEDURE

Vulcan County will follow Public Sector Accounting Standards, Section PS 3150 – Tangible Capital Assets when accounting for and reporting tangible financial capital assets in its financial statements.

1. Tangible capital assets are recorded at cost, which includes all amounts that are directly attributed to the acquisition, construction, development, or betterment of the asset. Contributed tangible capital assets are recorded at the estimated fair value at the date of the contribution.
2. Assets are capitalized as tangible capital assets if they meet the definition of a tangible capital asset AND the asset meets or exceeds the following capitalization thresholds:

Category	Capitalization Threshold
Land	N/A (all land capitalized)
Land Improvements	\$ 5,000
Buildings	\$ 25,000
Engineered Structures	\$ 25,000
Machinery & Equipment	\$ 5,000
Vehicles	\$ 5,000
Betterments	\$ 5,000

Tangible capital assets that do not meet the capitalization threshold are expensed in the fiscal year that they are acquired / constructed. These are still assets of the County and should be tracked, controlled, maintained and managed for County operations.

3. The costs of the tangible capital assets (less any residual value) are to be amortized on a straight-line basis over the estimated useful life of the asset; commencing on the date the asset was acquired or the date that the asset was brought into service. Assets that are under construction are not amortized until the asset is available for productive use. Land normally has an unlimited life and as such is not amortized. The estimated useful lives of the assets are as noted in Appendix A.

APPENDIX A – ESTIMATED USEFUL LIVES

ASSET CATEGORIES		Estimated Useful Life (in years)
Major		
Minor		
Sub-Class 1		
Sub-Class 2		
Land		
	General	N/A
Land Improvements		
	Landscaping	25 - 45
	Fences & Enclosures	20
	Outdoor Fixtures and Furniture	15
	Parking Lots	
	Gravel	30
	Paved	25
Buildings		
	Permanent Structures	
	Structural (wood, steel, concrete)	30 - 50
	Interior	30
	Roof	30
	HVAC (electrical, mechanical)	20 - 30
	Portable Structures	20 - 25
Engineered Structures		
	Roads	
	Gravel Roads	75
	Oiled Roads	
	Oiled Surface	5 - 10
	Sub-surface	75
	Paved Roads	
	Paved Surface	15 - 25
	Sub-surface	75
	Bridges	
	Standard Bridges	40 - 80
	Major Bridges	70 - 120
	Culverts	
	Steel	65 - 100
	Concrete	90 - 120

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ASSET CATEGORIES		Estimated Useful Life (in years)
Major		
Minor		
Sub-Class 1		
Sub-Class 2		
Engineered Structures - Continued		
Water Systems		
	Distribution System	75
	Water Well Systems	25
	Reservoirs	75
	Plant and Facilities	40 - 50
	Communication Towers	38
Machinery & Equipment		
	Heavy Duty Equipment	10 - 25
	Light Duty Equipment	10 - 25
	Graders	5
	Trailers	6 - 20
	Storage Tanks	10 - 15
	Bunkhouse	20
	Electronic Data Processing	
	Computer/Server Hardware	5
	Computer/Server Software	3
	Fixtures and Furniture	10
Vehicles		
	Heavy Duty Vehicles	5 - 10
	Light Duty Vehicles	5 - 10
	Fire Trucks	
	Fire Apparatus	10 - 20
	Water Tanker	10 - 20