



Tangible Capital Assets

**Presentation to Finance
Committee**

June 28, 2010

What is a Tangible Capital Asset (TCA) ?

- **Non financial assets**
- **Physical substance**
- **Used in the production or supply of goods and services**
- **Useful life of more than one year**
- **Used on a continuous basis**
- **Not held for resale**

Capital Asset Thresholds

Asset Class	Capitalization Threshold	
	Opening Inventory January 1, 2008	Additions 2008, 2009, 2010
Land	Capitalize all	Capitalize all
Land improvements	\$50,000	\$50,000
Buildings & leaseholds	Capitalize all	\$50,000 & 50% of component
Machinery & equip	\$10,000	\$10,000
Vehicles	\$10,000	\$10,000
Linear assets	Capitalize all	Capitalize all

Examples of City Owned Tangible Capital Assets

- **Buildings - arenas, pools, water and wastewater treatment facilities**
- **Vehicles - buses, fire trucks**
- **Equipment – generators, computers, defibrillators**
- **Land and land improvements**
- **Linear assets – roads, water and sanitary sewer pipes**

Municipal Accounting for TCA Pre and Post PSAB 3150

- **What is PSAB 3150 ?**
- **Pre PSAB 3150 - tangible capital assets expensed**
- **Post PSAB 3150 – tangible capital assets amortized over their estimated useful life**

Estimated Useful Life of Capital Assets

Asset	Useful Life in Years
Land improvements	20 – 100 years
Buildings	15 – 60 years
Machinery and equipment	4 – 30 years
Vehicles	4 – 20 years
Water/wastewater plants	10 – 60 years
Water/wastewater networks	40 – 100 years
Road networks	15 – 75 years

Achieving PSAB 3150

- Inventory
- Date of acquisition
- Valuation

Schedule of Capital Tangible Assets

December 31, 2009
(in \$000,000)

Capital Assets by Class	Historical Cost	Accumulated Amortization	Net Book Value
Land	79	9	70
Buildings	183	87	96
Machinery & Equip	80	43	37
Vehicles	64	33	31
Roads Infrastructure	1,050	581	469
WWW Infrastructure	725	262	463
CWIP	65	-	65
	2,246	1,015	1,231

Additions to Capital Assets

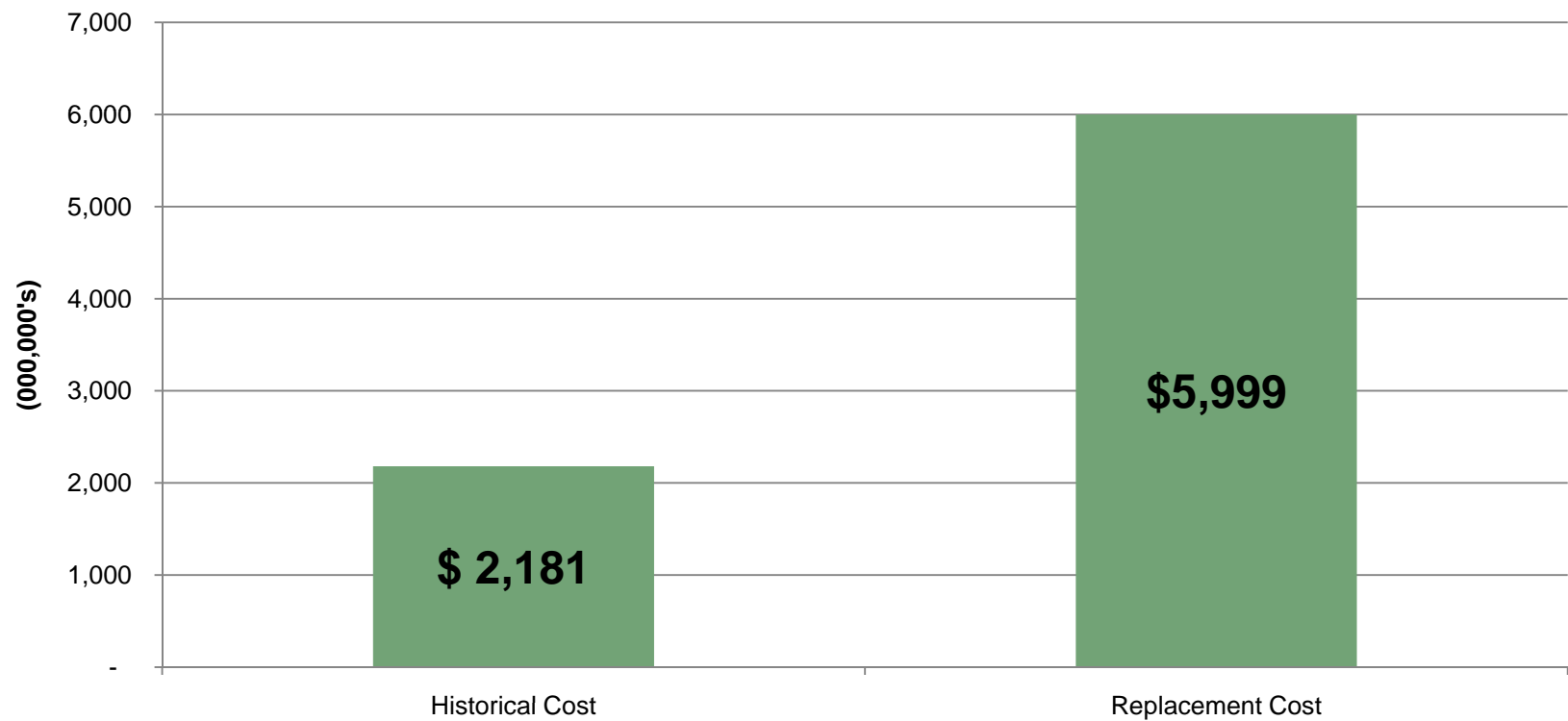
(in \$000)

Capital Assets	Additions 2009	Additions 2008
Land	3,624	3,253
Buildings	4,981	5,699
Machinery & Equip	7,211	6,836
Vehicles	7,701	5,163
Roads Infrastructure	42,752	36,182
WWW Infrastructure	58,125	17,986
	124,394	75,119

Examples of Asset Additions in 2009

- **The roof and electrical replacements at McClelland Arena \$1.3 M**
- **3 Fire truck pumpers \$1.5 M**
- **South End rock tunnel \$34 M**
- **Widening and reconstruction of MR 80 in Valley East \$10.6 M**
- **Rehabilitation of Main Street in Valley East \$5.9 M**
- **Reconstruction and widening Paris (from Walford to York) \$5.2 M**
- **Upgrades to the Sudbury Wastewater Treatment Plant \$5.8 M**

Historical vs. Estimated Replacement Cost



Next Steps

- **Maintain and refine the capital asset inventory**
- **Develop business processes**
- **Use information for:**
 - **Capital budgets**
 - **Lifecycle costing**
 - **Long term capital planning**
- **Develop a permanent, integrated systems solution**
- **Make the database information available to operating departments**
- **Develop a comprehensive asset management program**



Questions ?