

TANGIBLE CAPITAL ASSET MANAGEMENT

This document is the parent policy for any College procedures. Questions regarding this policy are to be directed to the identified Policy Owner.

Category:	F. Finance
Policy Number:	F23
Approval Date:	May 24, 2023
Effective Date:	May 24, 2023
Policy Owner:	Chief Financial Officer

Objective:	<p>To outline principles and guidelines relating to tangible capital assets. This policy will help with acquisitions, dispositions, identification and monitoring of tangible capital assets by setting thresholds, amortization rates and methods to allow for efficient tracking and reporting of tangible capital assets.</p> <p>(The policy noted here is not intended to replace the Public Sector Accounting Standards (section 3150) relating to tangible capital assets, but should provide support in how the principles identified in the Public Sector Accounting Standards are implemented.)</p>										
Policy:	<p>Tangible Capital Assets: Tangible capital assets are non-financial assets that: are used on a continuous basis by the college, have useful economic lives beyond one year, are not for resale in the ordinary course of operations, and exceed an established dollar threshold.</p> <p>Capital leases: Guidance will be provided on leases to determine if they are capital leases or operating leases. Capital leases will be treated as tangible capital assets and operating leases will be expensed.</p> <p>Capital asset categories and expected useful life ranges: Tangible capital assets will be assigned to categories outlined below based on their nature and characteristics. Categories noted below are disclosed on the financial statements. The useful lives of each asset will be within the range noted.</p> <table border="1"> <thead> <tr> <th>Tangible capital asset</th> <th>Estimated useful life</th> </tr> </thead> <tbody> <tr> <td>Land</td> <td>indefinite</td> </tr> <tr> <td>Buildings & Improvements</td> <td>5-70 years</td> </tr> <tr> <td>Furniture, Equipment & Vehicles</td> <td>2-25 years</td> </tr> <tr> <td>Computer Hardware & Software</td> <td>3-10 years</td> </tr> </tbody> </table>	Tangible capital asset	Estimated useful life	Land	indefinite	Buildings & Improvements	5-70 years	Furniture, Equipment & Vehicles	2-25 years	Computer Hardware & Software	3-10 years
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Amortization: The cost of the tangible capital asset that is recorded in each year of the asset's estimated useful life. Amortization is to be commenced once the asset is available for use

Acceptable amortization methods are to be established.

Disposition: Disposals of tangible capital assets may occur for a number of reasons (sale, loss, theft, abandonment, technological or process obsolescence, destruction or decision to remove from service).

Disposal costs, such as legal, engineering, advertising, demolition and appraisals, are to be expensed in the period they incurred.

Assets with significant value will be sold in a method that is accessible to the public and that would yield a fair market value for the sale.

Donated assets from external parties (Gifts in kind): Tangible capital assets donated to the college are recorded at fair value when such value can reasonably be determined. Risk of ownership should be considered for all received assets. All donated assets are to be communicated with Business Services so the tangible capital asset is recorded at the fair value and the entry can be recorded.

Physical count / inspection: Tangible capital assets will be verified as to existence and overall condition annually (on a rotating basis). Assets that are not in expected or good operable condition will be reported to the finance group and assessed for possible impairment.

Internally funded capital: Funding sources can come from either internal or external sources, or a mix of both. Tangible capital assets that are funded at least partially from internal sources need to be in line with capital budgets. Any tangible capital asset acquisitions that exceed the budget in any given year are required to be approved through the KiSSFLOW form, Capital Budget Variance.

Capital plans: Departments should submit 3 year capital plans for Capital Committee approval.

Definitions:

Tangible Capital Asset (TCA): Significant economic resources controlled by the college as a result of past transactions or events from which future benefits will be derived. They are non-financial assets, in that they are not intended to be available to discharge existing liabilities or finance future operations.

Refer to **Tangible Capital Asset Definition Procedure** for more details.

Accumulated depreciation: The total value of the amortization that has been recorded for a specific asset or asset class. This value cannot exceed the cost of the asset.

Acquisition: The process of obtaining an asset for ownership of the college. This includes purchasing, receiving donations or transfers, constructing or paying a third party to construct.

Amortization: The process by which the cost of the asset is expensed over the useful life of the asset.

	<p>Disposition: The process of removing an asset retiring a TCA from Olds College’s ownership once it reaches the end of its service period. This could be through either sale, donation, recycling, demolition or disposal.</p> <p>Donation: When assets are given to the college for little or no consideration (cost). the process required to donate a TCA.</p> <p>Estimated useful life: The estimated duration of time that the asset is expected to be of use to the college.</p> <p>Fair value: The amount of consideration that would be agreed upon between a purchaser and seller in an open market with no compulsion to act.</p> <p>Gain on disposal: The amount by which the proceeds received for selling the asset exceed the tangible capital asset’s net book value.</p> <p>Loss on disposal: The amount by which the proceeds received for selling the asset are less than the tangible capital asset’s net book value.</p> <p>Net book value: The difference between the cost of the asset and the accumulated depreciation. This value is to give an estimated current value of the asset.</p>
Related Information:	F22 Supply of Goods and Services Policy F21 Signing Authority for Contracts and Obligations Policy B03 Fraud and Irregularities Policy
Related Procedures:	F23 Tangible Capital Asset Management Procedure F23 Capital Asset Definition Procedure F22 Competitive Purchasing Procedure F22 Fleet Purchase Card Procedure F22 Purchase Card System Procedure F22 Competitive Purchasing Exception Procedure
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