

TANGIBLE ASSETS AND AMORTIZATION

Background

Tangible Capital Assets have useful lives extending beyond the accounting period, are used by the school division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets may include land, buildings, school buses, other vehicles, furniture and equipment, computer hardware and software, audio visual equipment, capital lease assets, and assets under construction. Tangible capital assets are recorded at cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, design, construction, development, installation and betterment of the tangible capital asset. For buildings, only the costs of construction that add new space are capitalized. The school division does not capitalize interest incurred while a tangible capital asset is under construction. A full year's amortization is recorded in the year of acquisition.

Procedures

The cost of depreciable tangible capital assets, net of any residual value, is amortized on a straight line basis over their estimated useful lives as follows:

Class of asset	Threshold	Tracking method	Amortization method	Useful life (years)
Land	10,000	By asset	N/A	N/A
Land Improvements (pavement, fencing, lighting, etc.)	25,000	By asset	Straight line	20
Building: *	50,000	By asset	Straight line	50
Buildings-short term (portables, storage shed, outbuildings, garage)	10,000	By asset or pooling	Straight line	20
School Busses	10,000	By asset or pooling	Straight line	12
Other Vehicles – passenger	10,000	By asset or pooling	Straight line	5
Other vehicles- heavy (graders, 1-ton trucks, etc.)	10,000	By asset or pooling	Straight line	10
Furniture and Equipment	1,000	Pooling	Straight line	10
Computer hardware and audio-visual equipment	1,000	Pooling	Straight line	3-5
Computer Software	1,000	Pooling	Straight line	5
Assets Under Construction	5,000	By asset	N/A	N/A

* Buildings that include asbestos and are fully amortized have had their useful life reassessed and may be increased by up to 20 years.

Assets that have an historical or cultural significance, such as works of art, monuments and other cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with these properties cannot be made.

References: Education Act: Sections 85, 87, 175
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