

Tangible Capital Assets and Amortization Policy

<i>Topic</i>	Finance
<i>Authority</i>	Board
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The Regional Municipality of Wood Buffalo Library Board recognizes the importance of properly accounting for tangible capital assets, such as land, buildings, collections, furniture and equipment. This policy ensures that these investments are accurately reflected in WBRL’s financial statements.

Definitions

Tangible Capital Assets: Physical, non-financial assets owned by WBRL that are used in its operations and have a useful life of more than one year. These assets are not intended for resale.

Amortization: The process of allocating the cost of a tangible capital asset (minus its residual value) over its useful life as an expense.

Available for Use: The date when an asset is ready for productive use, i.e., when it is in use or operational.

Betterments: Expenditures that increase an asset’s service capacity, lower its operating costs, extend its useful life, or improve its quality. These costs are added to the asset's value.

Capitalization Threshold: The minimum expenditure required for an item to be classified as a capital asset and recorded on the financial statements. Expenditures below this threshold are expensed in the period they occur. The threshold is set at \$5,000, or lower if the asset provides ongoing future benefits.

Group Assets (Pooling): Assets below the capitalization threshold but with significant value as a group (e.g., computers, furniture, library materials). Group assets are recorded collectively in the financial statements but monitored individually.

Useful Life: The shortest duration of an asset’s physical, technological, commercial, or legal life.

Capitalization and Asset Categories

Tangible capital assets are capitalized according to the following thresholds per year:

Asset type	Rate
Land	Not amortized
Building under repair	Not amortized
Music and audiobook CDs, DVDs/Blu-Rays, and video games	3 years
Computer hardware	4 years
Vehicles	5 years
Computer software	5 years
Leasehold improvements	5 years
Radio frequency identification	5 years

Books	7 years
Furniture and equipment	10 years

Tangible Capital Asset Valuation

Tangible capital assets are recorded at cost plus all ancillary charges necessary to place the asset in its intended location and condition for use.

Purchased Assets: Recorded at cost, including all ancillary charges (non-refundable taxes, delivery, installation, etc.).

Acquired, Constructed or Developed Assets: Includes all direct costs necessary for acquisition, construction, or development. General administrative overheads are not capitalized.

Donated or Contributed Assets: Recorded at fair market value on the date of donation, which can be determined through market or appraisal values.

Amortization

Amortization allocates the cost of tangible capital assets over their useful lives. It begins when the asset is available for use.

The straight-line method is used, with half of the annual amortization rate applied in the year the asset becomes operational.

Fully amortized assets still in use must remain on the asset register.

Disposals

A tangible capital asset is disposed of when it no longer contributes to WBRL's operations. Disposal are treated as expenses.

Items no longer required will be made available for sale to the general public, donated or disposed of in an economical and environmentally acceptable manner. All proceeds from the sale of disposed items will be returned to general revenue.

Review

WBRL reviews tangible capital assets annually to identify and remove the cost and accumulated depreciation for assets that are no longer in use.

History

Created: March, 1996.

Revised: September, 1999. November 19, 2015. April 21, 2021. May 18, 2022. September 18, 2024.