



# COUNTY OF WELLINGTON

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## COMMITTEE REPORT

**To:** Chair and Members of the Administration, Finance and Human Resources Committee  
**From:** Andrea Brossault, Asset Management Programme Manager  
**Date:** Tuesday, September 19, 2023  
**Subject:** **Revised Accounting and Reporting for Tangible Capital Assets (TCA) Policy**

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### **Background:**

This report outlines the updates to the financial policy for Accounting and Reporting for Tangible Capital Assets (policy number TR-23-02). The objective of the policy is to establish a consistent approach to accounting for tangible capital assets in accordance with the Public Sector Accounting Board standards (PS3150) and the Municipal Act.

It is best practice to review and update policies on a regular and continuous basis. This policy was last updated and approved by County Council on November 26, 2020. A review of the existing policy was undertaken by staff in accordance with these practices.

Revisions to the policy include the following:

- Added clarification that Warranty Works are not capitalized as they are correcting deficiencies on existing capital assets
- Clarification that leased books lasting less than one year are not capitalized
- Further clarification on capitalization of interest costs on debt for assets under construction
- Clarification of land valuation with purchase of buildings and treatment of land under roads
- General housekeeping to wording in Appendix 1: Tangible Capital Asset Classes, Thresholds and Estimated Useful Lives, such as:
  - Recognizing that capitalization of storm assets are included in the road base (asphalt) category
  - Removal of the word base from the gravel road and parking lot asset category
- Minor clarifications to general wording and decision trees in Appendix 2
- Added practical examples for how to distinguish between operating, capital and betterment expenditures in Appendix 2

The review of this policy was completed by staff in the Treasury department based on meeting notes and process review sessions from 2021 – 2023

### **Financial Implications:**

There will be no impact on the County's financial statements. All recommended changes remain in accordance with PS 3150, the Municipal Act and Generally Accepted Accounting Principles (GAAP).

**Attachments:**

- Appendix A: Accounting and Reporting for Tangible Capital Asset Policy (TR-23-02)

**Recommendation:**

That the revised Accounting and Reporting for Tangible Capital Assets Policy (TR-23-02) be approved.

Respectfully submitted,

A handwritten signature in black ink, reading "Andrea Brossault". The signature is written in a cursive, flowing style.

Andrea Brossault  
Asset Management Programme Manager