



CITY OF MERRITT POLICY AND PROCEDURE MANUAL

POLICY TITLE: Fixed Assets

Our File: 0595
Policy No. 4.07
(New Master)

ADOPTED BY COUNCIL: December 18, 2007

COUNCIL RESOLUTION No. 0633/07

Revised: January 23, 2018

Resolution No. 013/18

Policy Statement: The City of Merritt will account for its Fixed Assets on the basis of the Public Sector Accounting Board Standards PS3150 commencing on January 1, 2009

Policy Goal: To establish guidelines for recording assets for financial reporting purposes and to provide the basis for an asset management system

Policy Objectives:

1. To establish the definition of a fixed asset in conformance with PSAB 3150 as a good that:
 - a. is held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible fixed assets;
 - b. have useful economic lives extending beyond an accounting period;
 - c. are used on a continuing basis and
 - d. are not for resale in the ordinary course of operations
 - e. they have a value in excess of the following:
 - i. non linear assets \$5,000
 - ii. linear assets \$25,000
2. The City will group their assets into the following four categories:
 - a. Land
 - b. Buildings
 - c. Equipment
 - d. Engineered Structures



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3. The City will use the component approach where an assets major sub components are accounted for as a separate asset. An example would be a building which would be identified as an asset and its major components such as heating systems, air conditioning or specialty equipment are identified separately. Examples of components are:
 - a. Road surfaces
 - b. Road base
 - c. Building Heating Systems
 - d. Building Cooling Systems
 - e. Pool Chlorination Systems
 - f. Pool Filtering Systems
 - g. Saunas
 - h. Ice making Equipment
 - i. Water Pumphouse Equipment
 - Etc.
4. A linear segment is defined as the distance from the centre of an intersection to the centre of the next intersection for road surfaces and road beds. For water, sewer and storm sewer that is not within a road allowance a linear segment will be defined based on its geographical location.
5. For control purposes the following assets which individually are below the threshold limit will be grouped if the total grouped value exceeds \$25,000 and counted as one asset:
 - a. Computers
 - b. Fire Department-turn-out gear
 - c. Fire Department-breathing apparatus
 - d. Fire Hydrants
 - e. Water System Valves
6. Assets donated will be recorded at their fair market value.
7. Assets contributed by a developer will be recorded at the developer's cost or an estimate of that cost based on current market prices for work of a similar nature.
8. Leases of a capital nature that meet the threshold requirements will be capitalized.
9. Betterments will be capitalized if:
 - a. there is an increase in the previously assessed physical output or service capacity.
 - b. associated operating costs are lowered
 - c. the useful life of the asset is extended
 - d. the quality of the output is improved
 - e. the cost is 20% or greater than the cost of the asset being improved.
10. Assets will be amortized on the basis of straight line depreciation. The rate will be determined by the useful life of the asset and taking into consideration a residual value if any.



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11. Assets will be removed from the City's records when:
 - a. The item is sold
 - b. The item has become obsolete and is no longer in use
 - c. The item is beyond repair
 - d. The item is no longer required by the City.

12. When an asset is sold or traded in a gain or loss on disposal will be recorded against the current year's operations.

Amendments:

December 18, 2007 Adopted (Resolution No. 633/07)
2012 Reviewed by Policy & Bylaw Review Committee
January 23, 2018 Re-affirmed by Council (Resolution 013/18)