

**POLICY**

TITLE : USEFUL LIFE AND AMORTIZATION THRESHOLDS

AUTHORITY : PUBLIC SECTOR ACCOUNTING BOARD

POLICY STATEMENT : ASSETS WILL BE AMORTIZED AS PER GUIDELINES BELOW

PURPOSE : TO ESTABLISH THE AMORTIZATION METHODS AND MAXIMUM USEFUL LIFE VALUES TO BE USED.

POLICY RESOLUTION : 08-345, 09-447

GUIDELINES :

**1. Definition(s):**

**Useful Life:** is the estimate of either the period over which a tangible capital asset is expected to be used by the County, or the number of production or similar units that can be obtained from the tangible capital asset. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial and legal life.

**Amortization:** Systematic and rational basis for allocating the cost of a tangible capital asset, less any residual value, over its useful life.

**Residual Value:** is the estimated net realizable value of a tangible capital asset at the end of its useful life to the County.

**2. Land has an unlimited life and is not a depreciable asset; therefore land will have no amortization method.**

**3. One Amortization method will be used:**

**3. Straight-Line:** The straight-line method assumes that the asset's economic usefulness is the same each year and the repair and maintenance expense is essentially the same each period. It is determined by dividing the asset's original cost by its estimated life in years.

■ The County will determine the assets useful life using "Schedule A" *as a guideline. A longer than maximum useful life cannot be used without documentation and proof backing up the new useful life.*

**4. Cultural and Historical assets are only recognized in the notes, not on the financial statement and are not amortized.**

5. In the year of acquiring an asset or putting an asset into service 100% of the annual amortization amount will be recorded; and no amortization in the year of disposition.

## SCHEDULE "A"

### Recommended: Maximum Useful Life

<b>Asset Classes</b>	<b>Maximum Useful Life</b>
<b>Major</b>	
<b>Minor</b>	
Sub-class One	
Sub-class Two	
Sub-class Three	
<b>Land</b>	
Right-of-Way	
Undeveloped right-of-way	
Parks	
General	
<b>Cultural and Historical</b>	
Public Art	
Historical	
Heritage Site	
<b>Land Improvements</b>	
Parking Lot:	15
Gravel	25
Asphalt	
Playground Structures	10
Landscaping	25
Fences	20
Sprinkler Systems	25
Golf Courses	20
Tennis Courts	20
Fountains	20
Lakes / Ponds	25
Retaining Walls	20
Running Tracks	15
Outdoor Lighting	20

Airport Runways	10
Soccer Pitch – outdoor	20
Bike / Jogging Paths:	15
Gravel	20
Asphalt	
Landfill:	

Pits

Pads

Transfer Stations

Volume  
Volume  
25

**Recommended: Maximum Useful Life - *Continued***

<b>Asset Classes</b>		<b>Maximum Useful Life</b>
<b>Major</b>		
<b>Minor</b>		
<b>Sub-class One</b>		
<b>Sub-class Two</b>		
<b>Sub-class Three</b>		
Construction in Progress		

<b>Buildings</b>		
Permanent Structures		50
Frame		50
Metal		50
Concrete		
Portable Structures		25
Metal		25
Frame		
Leasehold Improvements		Variable
Construction in Progress		

<b>Engineered Structures</b>		
<b>Roadway Systems:</b>		
Bridges		
Overpass / Interchange		
Curb and Gutter		
Parkades		
Roads and Streets <i>(*subject to weather conditions)</i>		
Lanes / Alleys:		
ACP – hot mix		
Gravel		
Non-Conforming		
Local / Collector / Arterial / Major		
Arterial:		
Concrete		
ACP – hot mix		
ACP – cold mix		

Chip seal  
Oil  
Gravel

Variable

60

30

50

20\*

15\*

20\*

30\*

20\*

10\*

10\*

5\*

40\*

--	--





Road Signs:	30
Traffic Control	30
Information	

**Recommended: Maximum Useful Life - *Continued***

<b>Asset Classes</b>	<b>Maximum Useful Life</b>
<b>Major</b>	
<b>Minor</b>	
<b>Sub-class One</b>	
<b>Sub-class Two</b>	
<b>Sub-class Three</b>	
Lights:	30
Decorative	30
Street	30
Traffic	
Guard Rails	30
Ramps	20
Sidewalks and RampsPara	20
Rail System	40
Construction in Progress	
<b>Water System:</b>	75
Distribution System:	75
Mains	35
Services	
Pump, Lift and Transfer Stations	40
Plants and Facilities:	
Structures	40
Treatment Equipment:	40
Mechanical	40
Electrical	40
General	40
Pumping Equipment	40
Hydrants / Fire Protection	
Reservoirs	
Construction in Progress	

**Wastewater System:**

Collection System

Mains

Services

Pump, Lift and Transfer Stations

Plants and Facilities:

Structures

Treatment Equipment:

Mechanical

Electrical

General

75  
75  
35  
  
40  
  
40  
40  
40

Recommended: Maximum Useful Life - *Continued*

<b>Asset Classes</b>	<b>Maximum Useful Life</b>
<b>Major</b>	
<b>Minor</b>	
Sub-class One	
Sub-class Two	
Sub-class Three	
<b>Wastewater System - <i>Continued</i> :</b>	40
Pumping Equipment	40
Lagoons	
Construction in Progress	
<b>Gas Distribution System:</b>	75
Structures	75
Transmission	75
Services	36
Medium Pressure	36
High Pressure	35
Measurement	
Construction in Progress	
<b>Machinery and Equipment</b>	
Heavy Construction Equipment	Variable
Stores	25
Food Services	10
Fire Equipment	12
Police Special Equipment	10
Boats	25

Fitness and Wellness	10
Control Systems	5
Communication Links	20
SCADA System	10

Fueling Stations	15
Laboratory	10
Communications:	10
Radios	10
Telephone Systems	
Tools, Shop and Garage Equipment	15
Scales	15
Bins	15
Meters	20

**Recommended: Maximum Useful Life - *Continued***

<b>Asset Classes</b>	<b>Maximum Useful Life</b>
<b>Major</b>	
<b>Minor</b>	
<b>Sub-class One</b>	
<b>Sub-class Two</b>	
<b>Sub-class Three</b>	
Water	40
Parking Meters and Splitters	20
Turf Equipment	10
Ice Re-surfacer	10
<b>Office Furniture and Equipment:</b>	20
Furniture	5
Office Equipment	10
Audio/Visual	5
Photocopiers	

<b>Computer Systems:</b>	5
Hardware	10
Software	

Construction in Progress

**Vehicles**

Light Duty	10
Medium Duty	10
Heavy Duty	10
Fire Trucks	25
Construction in Progress	