ACCOUNTING POLICY

POLICY STATEMENT

Financial statements shall be prepared in accordance with accounting policies prescribed by generally accepted accounting principles and as specified in this policy.

1. PURPOSE

1.1. To establish the significant accounting policies to be used by the City when there is more than one acceptable accounting treatment.

2. INVENTORY OF SUPPLIES

2.1. Cost of inventory of supplies shall be determined using the first in first out method.

3. LAND HELD FOR RESALE

3.1. Cost of land held for resale and cost of other financial assets related to land acquisition shall be limited to sum of the:

3.1.1. Purchase price; and

3.1.2. Real estate commission, if any; and

3.1.3. Capitalized interest costs, if any.

4. TANGIBLE CAPITAL ASSETS

4.1. Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

4.2. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

4.2.1. Engineering structures: 20 to 75 years;
4.2.2. Equipment: 5 to 20 years;

4.2.3. Facilities: 25 to 50 years;

4.2.4. Fleet: 8 to 25 years;

4.2.5. Land improvements: 15 to 25 years; and

4.2.6. Leasehold improvements: life of the lease.

4.3. Annual amortization is charged in the year of acquisition and no amortization is charged in the year of disposal.

4.4. Assets under construction are not amortized until the asset is available for productive use.

5. CONTRIBUTIONS OF TANGIBLE CAPITAL ASSETS

5.1. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue.

6. WORKS OF ART AND CULTURAL AND HISTORIC ASSETS

6.1. Works of art and cultural and historic assets are not recorded as assets in the financial statements.

7. SEGMENTED DISCLOSURE

7.1. Segmented financial information shall be disclosed for tax supported and utility supported operations.

8. RELATED DOCUMENTS

- C-709-09 Financial Administration Bylaw

APPROVAL

Mayor: Original Signed by Stuart Houston  Date: June 14, 2010