



# SMOKY LAKE COUNTY

<b>Title: Useful Life and Amortization Methods</b>	<b>Policy No.: 23-01</b>
<b>Section: 08</b>	<b>Page No.: 1 of 7</b>

<b>Legislation Reference:</b>	Public Sector Accounting Board
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<b>Purpose:</b>	To establish the Amortization Methods and Maximum Useful Life values to be used.
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<b>Policy Statement and Guidelines:</b>	
<b>1. DEFINITION(S):</b>	
<p><b>Useful Life:</b> 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.</p>	
<p><b>Amortization:</b> Systematic and rational basis for allocating the cost of a tangible capital asset, less any residual value, over its useful life.</p>	
<p><b>Residual Value:</b> is the estimated net realizable value of a tangible capital asset at the end of its useful life to the County.</p>	
<b>2. Land</b> has an unlimited life and is not depreciable asset; therefore land will have no amortization method	
<b>3. Two Amortization methods will be used:</b>	
3.1	<p><b>Straight-Line:</b> 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.</p>
	<ul style="list-style-type: none"><li>■ The County will determine the assets useful life using "<b>Schedule A</b>" as a guideline. A longer than maximum useful life cannot be used without documentation and proof backing up the new useful life.</li></ul>

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<b>Policy Statement and Guidelines:</b>	
3.2	<b>Unit of Use or Output:</b> This unit of use or output method determines depreciation as a function of use or productivity. It is used for assets which deteriorate based on usage and may be designed to produce a finite amount of product or service. This method determines depreciation based on asset output by dividing an asset's cost by its total expected productive output and multiplying the cost per unit by the actual production to date.
4.	The following amortization methods will be used for each Major and Minor classes:
4.1	Land Improvements - Straight-Line
4.2	Building - Straight-Line
4.3	Engineering Structures:
	■ Roadway System - Straight-Line
	■ Water System - Straight-Line
	■ Wastewater System - Straight-Line
	■ Gas System - Straight-Line
4.4.	Machinery and Equipment:
	■ Heavy Duty - Unit of use or Output
	■ Other Equipment - Straight-Line
4.5	Vehicles - Straight-Line
5.	Cultural and Historical assets are only recognized in the notes, not on the financial statement and are not amortized.
6.	In the year of acquiring an asset or putting an asset into service 50% of the annual amortization amount will be recorded; and no amortization in the year of disposition.

	<b>Date</b>	<b>Resolution Number</b>
<b>Approved</b>	<b>June 14, 2007</b>	<b># 457-07 - Page # 8379</b>
<b>Amended</b>		<b># - Page #</b>
<b>Amended</b>		



**SCHEDULE "A"**

**Recommended: Maximum Useful Life**

<b>Asset Classes</b>	<b>Maximum Useful Life</b>
Major Minor 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: Gravel	15
Asphalt	25
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: Gravel	15
Asphalt	20
Landfill: Pits	Volume
Pads	Volume
Transfer Stations	25



**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	
Construction in Progress		
<b>Buildings</b>		
	Permanent Structures	
	Frame	50
	Metal	50
	Concrete	50
	Portable Structures	
	Metal	25
	Frame	25
	Leasehold Improvements	Variable
	Construction in Progress	
<b>Engineered Structures</b>		
	<b><u>Roadway Systems:</u></b>	
	Bridges	Variable
	Overpass / Interchange	60
	Curb and Gutter	30
	Parkades	50
	Roads and Streets ( <i>*subject to weather conditions</i> )	
	Lanes / Alleys:	
	ACP – hot mix	20*
	Gravel	15*
	Non-Conforming	20*
	Local / Collector / Arterial / Major Arterial:	
	Concrete	30*
	ACP – hot mix	20*
	ACP – cold mix	10*
	Chip seal	10*
	Oil	5*
	Gravel	15*
	Road Signs:	
	Traffic Control	30
	Information	30



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

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



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

<b>Asset Classes</b>	<b>Maximum Useful Life</b>
Major Minor Sub-class One Sub-class Two Sub-class Three	
<b><u>Wastewater System - <i>Continued</i>:</u></b>	
Pumping Equipment	40
Lagoons	40
Construction in Progress	
<b><u>Gas Distribution System:</u></b>	
Structures	75
Transmission	75
Services	75
Medium Pressure	36
High Pressure	36
Measurement	35
Construction in Progress	
<b><u>Machinery and Equipment</u></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:	
Radios	10
Telephone Systems	10
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>
Major Minor Sub-class One Sub-class Two Sub-class Three	
Water	40
Parking Meters and Splitters	20
Turf Equipment	10
Ice Re-surfacer	10
<b>Office Furniture and Equipment:</b>	
Furniture	20
Office Equipment	5
Audio/Visual	10
Photocopiers	5
<b>Computer Systems:</b>	
Hardware	5
Software	10
Construction in Progress	
<b>Vehicles</b>	
Light Duty	10
Medium Duty	10
Heavy Duty	10
Fire Trucks	25
Construction in Progress	