

CORPORATE POLICY



Policy Title: **Definition of Capital**
Policy Category: **Financial Control**
Policy No.: FC-010
Department: Corporate Services
Approval Date: February 17, 2007
Revision Date: August 10, 2015
Author: Cassandra Pacey
Attachments:
Related Documents/Legislation:

Key Word(s): Budget, Capital

POLICY STATEMENT:

The Council for the City of Waterloo is committed to demonstrating financial leadership and sustainability. This policy assists in formalizing a defined and transparent process for defining capital projects.

PURPOSE:

The purpose of this policy is to define capital projects and minimum threshold to be included in the capital budget.

DEFINITIONS:

Capital Asset:

A capital asset is an item with physical substance (the exception being software) with a useful economic life extending beyond one fiscal year.

Ongoing Maintenance:

Ongoing maintenance includes but is not limited to painting, mechanical maintenance, and replacement of existing parts.

Betterment:

Betterment is a cost incurred to enhance the service potential of a tangible capital asset by either increasing productivity or service capacity and results the extension of the asset life.

SCOPE:

This policy applies to all members of the City's organization including members of Council, full, part-time and contract staff.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: July 10, 2015

Corporate Management Team, Review Date July 15, 2015 _____

POLICY COMMUNICATION:

Council will receive this policy for approval. If approved, the policy will be posted on the city's intranet. Staff will be advised of the policy via distribution to the Operational Leadership Team and Corporate Management Team.

POLICY:

Minimum Capital Budget Threshold:

The minimum annual dollar amount to be included within the Capital Budget is \$10,000.

Examples of acceptable capital budget items:

There are many projects that may be considered eligible for the capital budget beyond those that fit the definition of an asset.

Examples of acceptable items to be included in the capital budget are as follows:

- Maintenance projects requiring significant funding or will be completed in stages over multiple years.
- Soft projects such as studies and consultant work that are usually the precursor to changes in operations or the implementation of capital projects.
- Projects that are a result of an agreement for services or funding between Municipalities, the Region or other Government body.
- An obligation to make capital expenditures or major maintenance expenditures as part of an agreement to sell or lease a property.
- A project that improves operational effectiveness.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.