

**VILLAGE OF WABAMUN
POLICY HANDBOOK
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ADMINISTRATIVE MANUAL

PART: General Administration

POLICY NO: A:3

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POLICY SUBJECT/TITLE: MEMBERSHIPS & CONTRIBUTIONS

EFFECTIVE DATE: September 18, 2000

POLICY

In order to enhance or provide various services for Village residents, Council deems it important to contribute or belong to and participate in various organizations.

REGULATIONS

- 1) Annually, in the budgeting process, various organizations annual dues and fees are reviewed and approved by Council as appropriate.
- 2) The following is a partial list of approved organizations:
 - a) Alberta Urban Municipalities Association
 - b) Federation of Canadian Municipalities
 - c) Yellowhead Highway Association
 - d) Alberta Association of Municipal Districts and Counties
 - e) Alberta Capital Region Alliance
 - f) New Era Municipal Services
 - g) Parkland Ambulance Association
 - h) Yellowhead Regional Library
 - i) Association of Coal Mining Municipalities of Canada
 - j) Meridian Foundation

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POLICY NO: A:6

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POLICY SUBJECT/TITLE: CASH PROCEDURES

EFFECTIVE DATE: September 18, 2000

POLICY

All incoming cash shall be collected and properly controlled.

REGULATIONS

- 1) All incoming cash, cheques, etc. are to be collected and recorded accordingly.
- 2) The administration office cash float is currently \$100.00 and the petty cash is \$100.00.
 - a) The cash float is balanced daily, with a deposit on Fridays and month-end and if the daily balance exceeds \$500.00. Cash is stored in the office vault.
- 3) The arena cash float is \$40.00 and the petty cash is \$60.00. These amounts are issued seasonally.
- 4) All petty cash withdrawals are to be accompanied by a voucher or receipt signed and coded. All withdrawals and the daily balance are recorded in the office account book

ADMINISTRATIVE MANUAL

PART: Personnel

POLICY NO: A:7:1

SECTION: Employment

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POLICY SUBJECT/TITLE: PURCHASES AND EXPENDITURES

EFFECTIVE DATE: February 16, 2010

POLICY STATEMENT:

The Village of Wabamun is committed to purchasing goods and services in a fair and ethical manner ensuring that the best business decisions are made for the benefit of the Village's residents.

PURPOSE:

Establish guidelines for the Village's purchasing activities to ensure all purchases made by the Village are recorded and accounted for in a consistent and transparent manner with objectivity and fairness applied to purchasing practices.

PROCEDURES:

Purchasing Policy

- The Village of Wabamun aims to purchase goods and services of the best value and quality.
- Where possible, the Village will consider the impact of the product or service on the environment.
- The Village of Wabamun employees will establish a relationship of mutual confidence with the Villages's suppliers. Employees will ensure competition is open and fair, use consistent buying practices, and remain free of obligation to any vendor or potential vendor.
- Purchases through the AAMD&C purchasing arrangement will be made if it is determined to be the best business decision. A list of suppliers is available in the Purchasing Department.

Purchasing Authority

- The CAO or Department Manager will approve all Village purchases unless authority has been delegated by them in writing to other members of their staff. The dollar limits are as specified in this policy.
- A copy of this delegated authority will be provided to the Administrator's Assistant.

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ADMINISTRATIVE MANUAL

PART: Personnel

POLICY NO: A:7:1

SECTION: Employment

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POLICY SUBJECT/TITLE: PURCHASES AND EXPENDITURES

EFFECTIVE DATE: February 16, 2010

- In accordance with Section 248 of the Municipal Government Act a municipality can only make expenditures that are:
 - (a) included in an operating budget, interim operating budget or capital budget or otherwise authorized by the Council,
 - (b) for an emergency, or,
 - (c) legally required to be paid.

Emergency purchasing

An emergency is defined as a situation in which the municipality must expend money in order to protect people or property and which there is inadequate time for Council to give prior authorization for the expenditure.

Emergency purchases must be authorized by the CAO. The emergency situation and subsequent expenditure must be reported to Council at the next Council meeting.

Unbudgeted Purchases

All Capital and operational expenditures that have not been budgeted for are to be authorized by Council in the form of a resolution.

Purchasing Locally

The Village of Wabamun acknowledges and appreciates the contributions that local businesses make to the community. In acknowledgement of this contribution preference will be given to local businesses for purchases of goods and services. Consideration will be given to factors such as quality, availability, price, warranties, brands, transportation costs and qualifications.

Competitive Process

To ensure that all interested parties have equal opportunity to provide the Village of Wabamun with goods and services the following will apply:

Request for quotation

Quotations are an informal request for prices of goods and services and are normally used where the cost of the work does not warrant the time and level of effort required for a formal tender process.

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POLICY SUBJECT/TITLE: PURCHASES AND EXPENDITURES

EFFECTIVE DATE: February 16, 2010

Invitation to tender

An invitation to tender solicits competitive bids. It is used when detailed specifications are available that permit the evaluation of tenders against clearly stated criteria and specifications. This is a formal, competitive, sealed bidding process.

The bids and prices are provided without condition or reservation and where an award can be made without negotiation. Bids will be opened after the closing submission date in front of at least one witness and the submissions will be available to the public upon request.

Submissions are compared to the specification and requirements contained in the tender documents. The award may not necessarily be awarded to the lowest bid or any bid that is received.

Request for proposals

A Request for Proposal (RFP) is a formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet the specific needs of the municipality. RFP's are compared to each other to assess the best proposals. The RFP criteria should be established before the municipality receives the bids in order to maintain fairness in the evaluation process.

Information sessions may be held with bidders before a selection has been made. This will allow bidders to have a better understanding of the project. All bidders must be present and receive the same information to allow impartiality; unless they provide written documentation that they will not attend.

A proposal submitted in response to an RFP must be opened in the presence of at least one witness and the submissions will be available to the public upon request.

The contract should be awarded based on the supplier determined to be the most suited to the municipality based upon criteria for evaluation set out in the RFP and equally applied to all proposals.

Trade, Investment and Labour Mobility Agreement (TILMA)

In accordance with TILMA from April 1 2009 the Village of Wabamun is required to open up procurement opportunities across Alberta and British Columbia beginning at \$75,000 for goods and services tenders and \$200,000 for construction projects.

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POLICY SUBJECT/TITLE: PURCHASES AND EXPENDITURES

EFFECTIVE DATE: February 16, 2010

Purchasing Exceptions

In some cases, the Village purchases certain goods and services through one company, without obtaining prices from several sources. This arrangement is established due to the uniqueness, quality and/or type of goods or services provided by the supplier. Periodically the Village will review these arrangements to ensure quality goods/services are being provided and the Village is receiving competitive pricing.

Payment of Invoices

Payment will be made when the Village is satisfied that the goods/services provided meet the specifications.

Purchasing Authority Limits

Level and Process	Approval Authority	Delegation
1. Low value purchase - \$1,000 or less.	CAO Department Managers	Yes at discretion of Department Manager. Written confirmation to be received by Administrators Assistant
2. Purchase from \$1,000- \$10,000 - Documented telephone Quotations.	CAO Department Managers	Yes at discretion of Department Manager. Written confirmation to be received by Administrators assistant
3. Purchases from \$10,000- \$25,000 - Documented written quotations from a minimum of two potential suppliers	CAO	No
4. Purchases over \$25,000 - Competitive process of either written quotation, Tender or RFP	Council	No

A:7.2 and A:7.3 deleted.

Purchase orders to be raised for all purchases over \$1000 that are not considered recurring purchases, such as utility payments, general office supplies etc.

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POLICY SUBJECT/TITLE: PURCHASE ORDERS

EFFECTIVE DATE: September 18, 2000

POLICY

Purchase orders may be used when ordering supplies.

REGULATIONS

- 1) Any purchases of \$100.00 or more should have a purchase order.
- 2) The use of purchase orders shall be at the discretion of the Administrator.
- 3) When using purchase orders, give the purchase order number when ordering supplies and then attach one copy to the invoice and/or packing slip when the supplies are received.
- 4) Purchase orders can only be issued by authorized personnel and must not exceed the authorized dollar amount (See Policy A:7.1)

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POLICY SUBJECT/TITLE: CENSUS

EFFECTIVE DATE: September 18, 2000

POLICY

A census for the Village may take place from time to time provided conditions warrant it.

REGULATIONS

- 1) As few grants are calculated by population and the Village is not growing very rapidly, the Federal census will be used as the official population totals.

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POLICY SUBJECT/TITLE: INSURANCE

EFFECTIVE DATE: September 18, 2000

POLICY

As the Municipality can benefit from the strategy of being included in a group insurance fund with other municipalities with the objective of containing insurance costs and improving the availability of coverage in the long term, the Village will participate in the AUMA insurance and group benefit plans.

REGULATIONS

- 1) The annual insurance package will be reviewed by administration for appropriate additions and deletions.
- 2) Any organizations wishing to be included under the Village insurance program as an additional named insured must be approved by a resolution of Council.

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POLICY SUBJECT/TITLE: BANKING AND INVESTMENT SERVICES

EFFECTIVE DATE: September 18, 2000

POLICY

The Village of Wabamun shall enter into an interest and compensation agreement with a financial institution.

REGULATIONS

- 1) At the Annual Organizational Meeting of Council, a financial institution will be authorized by a resolution of Council.
- 2) For investment of surplus funds, the Council by way of resolution at the Annual Organizational Meeting will advise administration as to the financial institution to utilize.
- 3) Administration will negotiate a financial compensation agreement with the financial institution chosen by Council.

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POLICY NO: A:12

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POLICY SUBJECT/TITLE: RECORD RETENTION AND DISPOSITION (T.C.A.)

EFFECTIVE DATE: September 18, 2000

POLICY

To provide regulations and procedures with respect to the retention and disposal of records, including, but not limited to, correspondence, records, vouchers, receipts, instruments and other documents in the custody and control of the Village of Wabamun.

Legal Reference: Section 214, M.G.A. and F.O.I.P.P. Act

REGULATIONS

- 1) The following is the schedule to be used as a guideline for retaining or disposing of records.

DISPOSITION SCHEDULE

The subject matter is listed alphabetically followed by a suggested retention period. The retention period is identified by "P" (permanent retention) or expressed by a figure in years such as 5 (five years), or other specified comments such as Superseded (replaced or take the place of) or Obsolete (no longer in use) identified as "S/O".

<u>File Type</u>	<u>Description</u>	<u>Suggested Retention Period In Years</u>
Accountants	Working Papers	7
Accounts	Paid – Summary Sheet	7
	Payable Vouchers	7
	Receivable Duplicate Invoices	7
Administration	Reports (not part of minutes)	7
	As Per Legislation	7

Advertising	General	2
	As Per Legislation	7
Agendas	Part of Minutes	P
Agreements	Development	10 S/O
	General	10 S/O
	Major Legal	10 S/O
	Minor Legal	10 S/O
Annexations	Correspondence	7
	Final Order	P
Announcements	General	3
Annual Reports		5 – 7
Annual Reports	Local Boards	5 – 7
Applications	Site Plan Approval	2
	Subdivision (after final approval)	3
	Part-time Employees (after end of employ)	1
Appointments	Other Than Those in Minutes	3
Assessment	Rolls	P
	Assessment Review Board (ARB)	
	Minutes	P
	ARB Work File	5
	Appeals	10
	ARB Records	7
	Duplicate Roll	7
	Review Court Records	7
Assessment Appeal	Board File	5
Assets		20 S/O
	Record of Surplus	5
	Temporary Files	2
Bank	Deposit Books	7
	Deposit Slips	7
	Memos (Credit/Debit)	7
	Reconciliations	2
	Statements	7

Briefings/Reports	To Council	7
Budgets	Operating (in minutes)	P
	Capital (in minutes)	P
	Working Papers	3
Bylaws	All	P
Cash	Receipt Journals	7
	Disbursements Journal	7
	Duplicate Receipts	7
Certificates	Of Title	P (Filed in Land Files)
Census	Reports	10
Cheques	Cancelled (Paid)	7
	Register	7
	Stubs	7
Claims	Notice of	10 S/O
	Statements of	10 S/O
Committee	Minutes	P
Compensation	Records	7
Computer Cards		1
Contracts	Files (completion of)	10 S/O
	Forms	10
	Major Legal	10 S/O
	Minor Legal	10 S/O
Council	Minutes	P
Court Cases		10 S/O
Destroyed Records Index		P

Documents	Not Part of By-Laws	10 S/O
	Agreements Major Legal	10 S/O
	Agreements Minor Legal	10 S/O
	Contracts Legal	10 S/O
	Easements	10 S/O
	Leases (after expiration)	10 S/O
	Notices of Change of Land Titles	10 S/O
Elections	Nomination Papers	Sec. 28(4) Local Authorities Election Act
	Ballot Box Contents	Sec. 101 Local Authorities Election Act
Engineering	Drawings	P
Employee Benefits	A.H.C., Blue Cross, Dental, etc.	5
	W.C.B. Claims	4 – 5
Employees	Job Applications (hired)	3
	Job Applications (not hired)	1
	Job Descriptions	3 (after position abolished)
	Oaths of Office	P
	Personnel Files	P
Financial Statements	Interim	10
	Working Papers	3
	Final	10
Franchises		P
Income Taxes	Deductions	5 – 7
	TD1 Forms	1
	T4	5 – 7
	T4 Summaries	5 – 7
Inquiries	From the Public	3
Insurance	Claims	10 (after settled)
	Records (after expiration)	10
Land	Appraisals	1 (after sold)
Leases	After Expiration	7 S/O

Legal	Opinions	10 S/O
	Proceedings	10 S/O
Legislation	Acts (after superseded)	1
Licenses	Applications	3
	Business (after expired)	5
	Literature	2
Local Improvements	Records	P
Maintenance Reports		10
Maps	Base (original)	P
	Contour	P
Minutes	Council	P
	Boards	P
	Committees	P
Monthly Reports	Road	5 – 7
Municipal Affairs	Annual Reports	5
Organization	Structure & Records	2 – 5 S/O
Payroll	Garnishees	3
	Individual Earning Records	P
	Journal	P
	Time Cards	4 – 6
	Time Sheets - Daily	5
	- Overtime	5
	- Weekly	5
	Employment Insurance Records	5
Permits	Development	10 S/O
Petitions		7 – 10
Plans	Official	P
	Amendments	P
	Subdivision	P
Policy	After Superseded	5

Progress Reports	Project	5 – 7
	Under Contract (Final Payment)	7 – 10 S/O
Property Files		Until sold +10
Prosecution	All	10 S/O
Publications	Local Reports	3
Purchase	Land	Until Sold +10
Receipts	Books	7
	Duplicate Cash	7
	Registration	7
Receptions & Special Events (non Historic)		3
Reports	Accident	10 S/O
	Accident Statistics	10 S/O
	Field	10 S/O
Requisitions	Copies	2
	Duplicate	7
	Paid	7
Resolutions	Minutes	P
Street	Sign Inventory Register	P
Subdivision	After Final Approval	10
Tax	Rolls	P
Tax Recovery	Records	P
Taxes	Arrears	7
	Final Billing	10
	Municipal Credits	7
	Receipts	7
	Rolls	P
	Sale Deeds	P

Tenders	Files	10
	Successful	10
	Purchase Quotations	10
	Unsuccessful	2
Termination	Employees	P
Traffic	Streets	7
Training and Development Files		5
Trial Balances	Monthly	3
	Year End	7
Vendors	Acknowledgements To	2
	Contracts	10
	Suppliers Files	10
Vouchers	Duplicate	7
Weed Control Reports	Until Updated	1
Writs		10
Zoning	By-Laws	P
	By-Law Enforcement	5

In the event that a document to be retained is not specifically listed, the CAO may determine as to what file type category the document is similar and follow that suggested retention period.

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PART: General Administration

POLICY NO: A:13

SECTION:

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POLICY SUBJECT/TITLE: RELEASE OF INFORMATION MANAGEMENT

EFFECTIVE DATE: September 18, 2000

POLICY

It is essential that any staff responding to requests for information in the custody and control of the Village of Wabamun be in a consistent manner.

MUNICIPAL REFERENCE: By-Law 04-99

LEGAL REFERENCE: Freedom of Information and Protection of Privacy Act

REGULATIONS

The Village of Wabamun shall incorporate a FOIP Guidelines for Municipalities which will assist all staff in ensuring the release of information in the custody and control of the Village, is consistent.

- 1) The attached FOIP Guidelines for Municipalities makes reference to the following disclosure types:
 - a) Yes Information can be disclosed
 - b) Refer to FOIP Contact Request must be referred to the FOIP Head, or in their absence, the individual assisting in the coordination of records, to apply exemptions as outlined in the Freedom of Information and Protection of Privacy Act.
 - c) Routinely Available This type of information is actively disseminated on the municipality's website, library or is for sale.

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PART: General Administration

POLICY NO: A:13

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POLICY SUBJECT/TITLE: RELEASE OF INFORMATION MANAGEMENT

EFFECTIVE DATE: September 18, 2000

REGULATIONS - continued

- 2) The FOIP Guidelines for Municipalities is divided into five classes or records of Frequently Asked Questions (FAQ). An alphabetical index is also provided. The classes of records are defined as follows:

Administration	Includes information relating to internal administrative matters such as personnel, finance, communication, materials and equipment.
Governance	Includes information relating to governance issues such as bylaws, Council agendas and minutes, reports, legal matters.
Infrastructure	Includes information relating to infrastructure such as: water, sewer, roads, and utilities.
Land	Includes information relating to land.
Services	Includes information relating to counselling, home care, environmental protective services such as: emergency services, fire and ambulance, policing and transportation services.
3. The FOIP Guidelines for Municipalities also includes an Appendix 1, which is a list of Frequently Asked Questions prepared by the Alberta Government.
4. The FOIP Guidelines for Municipalities shall form part of this Policy and is hereby attached.
5. All staff of the Village of Wabamun shall use the FOIP Guidelines for Municipalities as a reference when determining what information can be released to the public and what should be referred to the FOIP head.

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PART: General Administration

POLICY NO: A:14

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POLICY SUBJECT/TITLE: BUDGET AND CAPITAL PLANS

EFFECTIVE DATE: September 18, 2000

POLICY

An Annual Budget and Capital Plan shall be prepared.

Legal Reference: Municipal Government Act, M-26.1, RSA 1994, Sections 242-246

REGULATIONS

- 1) An interim operating and capital budget will be presented to Council in December for the following year for approval or recommended changes.
- 2) The budget is to be finalized by May 31st each year.
- 3) A Five-Year Capital Plan is to be in place and updated every three years

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POLICY NO: A:15

SECTION:

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POLICY SUBJECT/TITLE: FINANCIAL STATEMENTS

EFFECTIVE DATE: September 18, 2000

POLICY

An annual statement of actual expenditures and revenues must be prepared.

Legal Reference: Municipal Government Act, M-26.1, R.S.A. 1994, Sections 276-278

REGULATIONS

- 1) Statements of Revenues and Expenditures should be prepared for the auditor no later than January 31st each year.
- 2) For publicizing the Financial Statement, see Newsletter Policy A:4.
- 3) The audited Financial Statement must be submitted to Municipal Affairs no later than May 1st of the year following the year for which the statement has been prepared.



**VILLAGE OF WABAMUN
POLICY MANUAL
POLICY TITLE: DISPOSAL OF SURPLUS GOODS**

**SECTION: ADMINISTRATION
COUNCIL MEETING DATE: FEBRUARY 18, 2014**

**POLICY NO: A:16
MOTION: 14-058
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1. POLICY

Village-owned surplus goods will be disposed of in a cost effective, efficient and transparent manner. It is expected that staff will use the appropriate methods for disposal of obsolete, salvage, scrap, and excess goods.

2. DEFINITIONS

- a) "Obsolete Goods" – goods, materials or equipment that no longer meets the Village's requirements, but are in operable or repairable condition and may be of use to others.
- b) "Salvage Goods" – materials which have minimal or no use but which have residual value to the Village through scrap or recovery processes.
- c) "Scrap Goods" – goods or materials that are of no use, beyond repair, and/or of no value to any party.
- d) "Excess Goods" – goods, materials and equipment in excess of actual requirements and no longer required by the owner department, but are in operable condition.

3. STANDARDS

- a) Disposal or sale of Village-owned land, or any other good or asset that does not fit the definitions above for obsolete, salvage, scrap, or excess goods, is not covered by this policy.
- b) Each surplus good will be evaluated by the CAO to determine the most cost effective process for disposal and the method which obtains the greatest value.
- c) Surplus goods sold, donated or transferred are on an "As Is-Where Is" basis; no guarantee or warranty either implied or expressed shall be made.
- d) Methods for disposal of Village-owned surplus goods include:
 - i. **Trade in.** Where advantageous (cost effective, decreased risk etc.) surplus goods will be traded in on the purchase of replacement goods or returned to the supplier for a refund or credit.
 - ii. **Sale.** When considered a gainful option, the Village will sell remaining surplus goods in one of the following ways:
 - 1) Sale by advertised public tender – for items valued under \$7500
 - 2) Sale by auction – for items valued over \$7500
 - 3) Sale by consignment to third party agent or dealer – for items valued over \$7500
 - 4) Sale to another government agency.

**VILLAGE OF WABAMUN
POLICY MANUAL
POLICY TITLE: DISPOSAL OF SURPLUS GOODS**

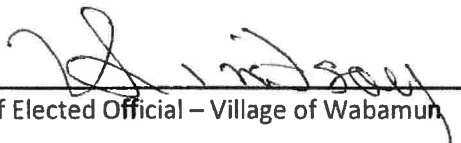
**SECTION: ADMINISTRATION
COUNCIL MEETING DATE: FEBRUARY 18, 2014**

**POLICY NO: A:16
MOTION: 14-058
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When an item is put up for sale, Village residents will be notified via the village website, facebook page and via public bulletins. Items will be posted for 30 days and the highest sealed offer will be accepted. Village staff and members of council are not excluded from this opportunity.

- iii. **Donation.** When the CAO has determined other disposal methods are not viable, the Village may donate surplus goods to a registered non-profit organization, or government agency.
- iv. **Destruction.** Discarding surplus goods is the last option to be used unless the good is broken, unusable, or has no commercial salvage or donation value, and all other options for disposal have been considered. The Village will properly dispose of goods in a safe manner and in accordance with any environmental requirements for hazardous goods. The destruction is subject to the approval of the CAO.

Approved by Council as noted above:



Chief Elected Official – Village of Wabamun



Chief Administrative Officer – Village Of Wabamun



**VILLAGE OF WABAMUN
POLICY MANUAL**

POLICY TITLE: TANGIBLE CAPITAL ASSET POLICY

**SECTION: General Administration
APPROVED: March 4, 2014**

**POLICY NO: A:17
RESOLUTION NO: 14-079**

1. Purpose:

This policy prescribes the accounting treatment for tangible capital assets so that users of the financial report can interpret information about the investment in property, plant and equipment and the changes in such investment. The principle issues in accounting for tangible capital assets are the recognition of the assets, the determination of their carrying amounts and amortization charges and the recognition of any related gains or losses when the asset is disposed of.

In addition, this policy outlines procedures to:

- a) Protect and control the use of all tangible capital assets;
- b) Provide accountability for tangible capital assets;
- c) Gather and maintain information needed to prepare financial statements.

2. Definitions:

Amortization:

The accounting process of allocating the cost, less the residual value, of a tangible capital asset to operating periods as an expense over its useful life in a rational and systematic manner appropriate to its nature and use.

Betterment:

Subsequent expenditures on tangible capital assets that:

- Increase previously assessed physical output or service capacity;
- Lower associated operating costs;
- Extend the useful life of the asset; or
- Improve the quality of the output.

All other expenditures would be considered a repair or maintenance and expensed in the period.

**VILLAGE OF WABAMUN
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POLICY TITLE: TANGIBLE CAPITAL ASSET POLICY

SECTION: General Administration
APPROVED: March 4, 2014

POLICY NO: A:17
RESOLUTION NO: 14-079

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Capitalization Threshold:

The value above which assets are capitalized and reported in the financial statements.

Capital Lease:

A lease with contractual terms that transfers substantially all the benefits and risks inherent in ownership of property to the Village. For substantially all of the benefits and risks of ownership to be transferred to the lessee, one or more of the following conditions must be met:

- There is reasonable assurance that the Village will obtain ownership of the leased property by the end of the lease term;
- The lease term is of such a duration that the Village will receive substantially all of the economic benefits expected to be derived from the use of the leased property over its life span;
- The lessor would be assured of recovering the investment in the leased property and of earning a return on the investment as a result of the lease agreement.

Category:

A grouping of assets of a similar nature or function in the Village's operations.

Component Approach:

A method of accounting for an asset whereby the significant components of the asset are each recorded as separate and individual units.

Cost:

The gross amount of consideration given up to acquire, construct or develop a tangible capital asset. It includes all non-refundable taxes and duties, freight and delivery charges, installation and site preparation costs, etc. It is net of any trade discounts or rebates, and it is considered to be equal to the asset's fair value at the date of acquisition, construction or development.

Fair Value:

The amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

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Group Assets:

Assets that have a unit value below the capitalization threshold, but have a material value as a group. Normally recorded as a single asset with one capitalization value. Although recorded in the financial systems as a single asset, each unit may be recorded in the asset sub-ledger for monitoring and control of its use and maintenance. Examples could include personal computers, furniture and fixtures, small moveable equipment, etc.

Residual Value:

The estimated net realizable value of a tangible capital asset at the end of its useful life.

Single Asset Approach:

A method of accounting for an asset whereby the significant components of the asset are grouped together and the overall asset is recorded as one unit.

Straight-Line Amortization:

A method of amortization whereby the cost of the tangible capital asset, less the estimated residual value, is allocated equally over each year of its estimated useful life.

Tangible Capital Assets:

Assets having physical substance that:

- Are used on a continuing basis in the Village's operations;
- Have useful lives extending beyond one year;
- Are not held for re-sale in the ordinary course of operations.

Useful Life:

Useful life is the estimate of either the period over which the tangible capital asset is expected to be used, or the number of production or similar units that the asset can provide. Useful life is normally the shortest of the asset's physical, technological, commercial or legal life. The length of the useful life for an asset will depend on the asset quality and its intended use.

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3. Policy Statements:

3.1. Capitalization:

Tangible capital assets will be capitalized (recorded in the fixed asset sub-ledger) according to the following thresholds:

- a) All land;
- b) All buildings;
- c) Civil infrastructure systems (built assets such as roads, sidewalks, sewer, water, park, electric) with unit costs of \$25,000.00 or greater;
- d) All others with unit costs of \$5,000.00 or greater.

Different thresholds may be used for group assets. Betterments will be capitalized to existing assets when unit costs exceed the threshold.

3.2. Categories:

The following list of categories will be used to identify tangible capital assets:

- Land
- Land Improvements
- Buildings
- Engineered Structures. This category is further divided into the following sub-groups:
 - Roadway system
 - Water system
 - Wastewater system
 - Stormwater system
- Machinery, Equipment and Furnishings
- Vehicles
- Cultural & Historic Assets

3.3. Valuation:

Tangible capital assets will be recorded at cost plus all ancillary charges necessary to place the asset in its intended location and condition of use.

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3.3.1. Purchased Assets:

Cost of land includes purchase price plus legal fees, land registration fees, transfer taxes, etc. Costs include any costs to make the land suitable for intended use, such as pollution mitigation, demolition and site improvements that become part of the land.

When two or more assets are acquired for a single purchase price, it is necessary to allocate the purchase price to the various assets acquired. Allocation will be based on the fair value of each asset at the time of acquisition or some other reasonable basis if fair value is not readily determinable.

3.3.2. Acquired, Constructed or Developed Assets:

Cost includes all costs directly attributable (e.g. construction, architectural and other professional fees) to the acquisition, construction or development of the asset. Carrying costs such as internal design, inspection, administrative or other similar costs will be capitalized. Capitalization of general administrative overhead is not allowed.

Capitalization of carrying costs ceases when no construction or development is taking place or when the tangible capital asset is ready for use.

3.3.3. Capitalization of Interest Costs:

Borrowing costs incurred by the acquisition, construction and production of an asset that takes a substantial period of time to get ready for its intended use will be capitalized as part of the cost of that asset.

Capitalization of interest costs will commence when expenditures are being incurred, borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use are in progress. Capitalization will be suspended during periods in which active development is interrupted.

Capitalization will cease when substantially all of the activities necessary to prepare the asset for its intended use are complete. If only minor modifications are outstanding, this indicates that substantially all of the activities are complete.

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3.3.4. Donated or Contributed Assets:

The cost of donated or contributed assets that meet the criteria for recognition is equal to the fair value at the date of construction or contribution. Fair value may be determined using market or appraisal values. Cost may be determined by an estimate of replacement cost. Ancillary costs will be capitalized.

3.4. Componentization:

Tangible capital assets may be accounted for using either the single asset or component approach. Whether the component approach is to be used will be determined by the usefulness of the information versus the cost of collecting and maintaining information at the component level.

Factors to consider when determining whether to use a component approach include:

- a) Major components have significantly different useful lives and consumption patterns than the related tangible capital asset;
- b) Value of components in relation to the related tangible capital asset;
- c) Civil infrastructure systems should use the component approach. Major components will be grouped when the assets have similar characteristics and estimated useful lives or consumption rates.

3.5. Amortization and Useful Life:

Generally, the Village uses a straight-line method for calculating the annual amortization. Village department heads, boards and commissions, agencies and other organizations are responsible for establishing useful life. The cost, less residual value of the tangible capital asset is amortized on a straight line basis over the estimated useful life of the asset. The foundation for determining useful life is as follows:

Land Improvements – 20 years
Buildings – 50 years
Machinery and equipment – 5-20 years
Motor Vehicles - 8-12 years
Engineered structures – 10 – 75 years

On half of the annual amortization is charged in the year of acquisition and one half is charged in the years of disposal

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3.6. Disposal:

Disposal of tangible capital assets that are moveable personal property and/or real property is the responsibility of the Chief Administrative Officer as per Disposal of Goods Policy. Department heads must notify the Chief Administrative Officer when assets become surplus to operations.

When other constructed tangible capital assets are taken out of service, destroyed or replaced due to obsolescence, scrapping or dismantling, the department head must notify the Chief Administrative Officer of the asset description and effective date. The Finance Manager is responsible for adjusting the asset registers and accounting records recording a loss or gain on disposal.

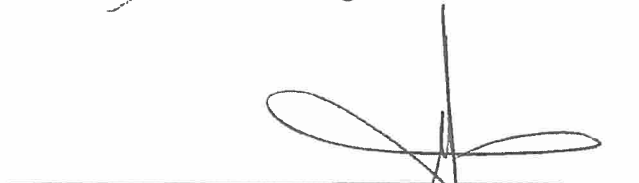
3.7. Capital Leases:

Capital leases are to be accounted for as acquiring a capital asset and incurring a liability. Capital leases will be accounted for when the net present value of the future minimum lease payments or fair value, whichever is less, is less than \$10,000.00.

Approved by Council as noted above:



Chief Elected Official – Village of Wabamun



Chief Administrative Officer – Village of Wabamun