

## MEMORANDUM

Date: April 17, 2025 File: 0282-20-0054  
To: Mayor & Council  
From: Isabel Gordon, Director, Finance & Corporate Services  
Re: **Capital Asset Management Policy 02-30-367 and  
Proposed Capital Asset Management Policy 0054**

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### RECOMMENDATION:

THAT

1. Capital Asset Management Policy 02-30-367 be rescinded; and
  2. Proposed Capital Asset Management Policy 0054 be approved.
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The purpose of this memorandum is to seek approval from Mayor & Council to rescind Capital Asset Management Policy 02-30-367 and approve Proposed Capital Asset Management Policy 0054.

High-level updates to the policy:

- administrative updates to titles, division name
- certain definitions removed such as amortization, financial controller, natural capital asset
- section on Capital Asset Costs, Amortization, and Disposal taken out to be added to a separate accounting policy

The proposed policy was reviewed and is being brought forward for approval, as required by the Policy Framework Procedure 0029 (5.5). Further Finance & Corporate Services policies will be brought forward for Council's consideration throughout 2025.

### Appendices:

Appendix A: Capital Asset Management Policy 02-30-367

Appendix B: Proposed Capital Asset Management Policy 0054

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District of West Vancouver

## **Capital Asset Management Policy 02-30-367, 2016**

Effective Date: December 5, 2016

# District of West Vancouver

## CORPORATE POLICY

Financial Services Division	<b>Capital Asset Management</b>
Policy 02-30-367	
Related Procedure: 04-30-372	
CIS File: 0865-05	

### 1.0 Purpose

- 1.1 The purpose of this policy is to establish guidelines for an effective system for the management of the District's investment in capital assets, to comply with legislation, and to ensure that best practices in asset accounting and financing are followed.
- 1.2 The Capital Asset Management policy is based on asset management principles set out by Asset Management BC, and on principles for the accounting treatment of public sector capital assets which comply with Generally Accepted Accounting Principles (GAAP) and with the Public Sector Accounting Board (PSAB) section 3150.
- 1.3 This policy applies to all capital assets owned by the District, whether acquired through purchase, donation, dedication, or by other means.

### 2.0 Application

- 2.1 This policy applies to capital assets. It does not apply to non-depreciable assets, which include land, pooled items, and unique items of historic or cultural significance considered to be irreplaceable, and whose value cannot be determined.

### 3.0 Definitions

#### 3.1 In this policy:

“Amortization” means to prorate a capital asset’s cost over its useful life, so that the asset’s cost can be proportionally expensed based on the time period over which the capital asset is used.

Amortization is accounted for as an expense in the District’s Statement of Operations;

“Asset” means anything that the District owns or controls. This may include non-tangible assets such as certain rights, easements, or covenants; financial assets such as cash and cash equivalents, and non-amortizable assets such as land, pooled items, and unique items of historic or cultural significance whose value cannot be determined. Capital Assets are a sub-set of assets;

“Asset Cost” means the gross amount of consideration given up to acquire, construct, develop or better an asset, and includes all costs directly attributable to acquisition, construction, development, betterment, replacement, or renewal of an asset, including installing the asset at the location and in the condition necessary for its intended use. Asset cost does not include amounts spent to maintain an asset in serviceable condition such that its useful life is not impaired;

“Asset Management Task Group (AMTG)” means a staff group charged with carrying out the responsibilities outlined in this policy;

“Asset Reserves” means statutory reserves and other amounts that may be set aside by the District from time to time for the acquisition, construction, development, betterment or replacement of capital assets;

“Capital Asset” means a physical asset which is depreciable, that is, the value of which is consumed by use over time. By policy, capital assets at the District of West Vancouver meet all of the following criteria:

- (a) has physical substance;
- (b) initial cost is greater than \$10,000;
- (c) has a useful life extending beyond two years;
- (d) is not for resale in the ordinary course of operations; and

(e) is depreciable – i.e., the asset is consumed through use.

For greater certainty, capital assets do not include land.

“Capital Asset Management” means systematic and coordinated activities and practices through which the District will manage its capital assets, and their associated performance, risks and expenditures throughout their life-cycles;

“Capital Asset Management Plan” means a document specifying activities, resources, responsibilities and timelines for implementing the Capital Asset Management Program;

“Capital Asset Management Procedures” means a procedural document providing specific guidance to staff on the maintenance of the District’s capital assets;

“Capital Asset Register” means a complete and accurate list of the capital assets that the District owns;

“Capital Grant” means funding provided by a third party to help defray the cost of a District capital asset. Third parties may be other levels of government providing funding through specific grant programs, and may also be developers providing funding or assets through specific arrangements, including Development Cost Charges (DCCs) or Community Amenity Contributions (CACs), or members of the community contributing funding (donations);

“Capital Linear Assets” are capital assets which form a linear system. Examples include roads, sidewalks, trails, fibre optic networks, and underground pipe networks for the transport of water, sanitary sewer discharges, or storm sewer discharges;

“Director of Financial Services” means the person duly appointed by the Corporation of the District of West Vancouver pursuant to Section 149 of the *Community Charter*;

“Disposal” means physically disposing of a capital asset. It does not mean writing a capital asset off the books, possibly replacing it, but still keeping it ‘in case’ it proves useful;

“District” means the Corporation of the District of West Vancouver;

“Fair Value” means the amount of the consideration that would be agreed upon in an arms-length transaction between knowledgeable, willing parties who are under no compulsion to act;

“Financial Controller” means the staff member in the Financial Services division so designated by the Director of Financial Services;

“Generally Accepted Accounting Principles (GAAP)” means the generally accepted accounting principles used by local government organizations;

“Infrastructure Deficit” means a cumulative shortfall of required capital asset renewal;

“Level of Service” means the defined and measureable quality of a particular service. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability, and cost;

“Non-financial Assets” are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

“Pooled Items” means similar or identical assets that do not meet the accounting definition of capital assets because individually they are valued at less than \$10,000 each, but that nevertheless generally require periodic replacement in aggregate. Examples include, but are not limited to:

- (a) library books;
- (b) firearms;
- (c) police protective gear;
- (d) fire turnout gear;
- (e) fire hoses;
- (f) fitness equipment;
- (g) office furniture;
- (h) desktop computers;
- (i) monitors;

- (j) printers; and
- (k) servers.

“Public Sector Accounting Board (PSAB)” means the body maintained by the Chartered Professional Accountants of Canada (CPA Canada) to serve the public interest by establishing accounting standards for the public sector;

“Salvage Value” means any valuable consideration available at asset disposal;

“Short-term Capital Assets” are capital assets with a useful life of five years or less;

“Work in Progress” means a capital asset under construction but uncompleted at the end of an accounting period.

## 4.0 Policy

### 4.1 Capital Asset Management

- 4.1.1 The District will maintain and manage its capital assets at defined levels of service to support public safety, community well-being, and community goals.
- 4.1.2 The District will monitor standards and levels of service to ensure that they meet and support the community and Council’s goals and objectives.
- 4.1.3 The District will establish capital asset replacement strategies through the use of full life-cycle costing principles.
- 4.1.4 Where appropriate, the District will incorporate capital asset management into its other corporate plans.
- 4.1.5 Council is the responsible authority for approving, updating, amending or rescinding this policy and providing the corresponding direction to administration.
- 4.1.6 The Director of Financial Services is responsible for the overall administration and enforcement of the policy under guidance and direction from the Chief Administrative Officer (CAO).

- 4.1.7 An Asset Management Task Group (AMTG), consisting of at least six staff from relevant areas of the organization, shall develop proactive guidelines and practices to carry out the directives in this policy for managing, financing, and operating current assets, and in planning for future assets and delivery of services.
- 4.1.8 The AMTG shall be chaired by the Financial Controller.
- 4.1.9 The AMTG shall review, at least annually, the suite of capital assets owned and managed by the District, to ensure that the capital assets are still suitable to purpose, and are being managed in accordance with this policy.
- 4.1.10 The AMTG shall make an annual recommendation to Council on capital assets that should be considered for retirement, disposition, or replacement.
- 4.1.11 The District will report to citizens regularly on the status and performance of work related to the capital asset management plan.

## 4.2 **Capital Asset Costs, Amortization, and Disposal**

- 4.2.1 The full cost of preparing and putting a capital asset into service for its intended use is considered the aggregate cost of the capital asset, as defined by GAAP for the public sector. The aggregate cost of the capital asset may be segmented into various components based on various useful lives of the respective components. Componentization procedures are defined in the District's Capital Asset Management Procedures.
- 4.2.2 The cost of a capital asset contributed to the District is considered to be equal to its fair value at the date of contribution. This applies to any and all capital assets received by dedication, gift, or donation, and to capital assets contributed in lieu of a development charge or through another arrangement with a developer.
- 4.2.3 The cost of a leased capital asset is determined in accordance with Public Sector Guidelines for Leased Capital Assets.
- 4.2.4 Thresholds established will apply to constructed capital assets as well as to purchased capital assets, with the total cost of the good or project meeting the threshold criteria.

- 4.2.5 All District capital assets with an original dollar value of less than the defined thresholds or with an estimated useful life of two years or less will be excluded from the Capital Asset Register for financial reporting purposes. These District capital assets will be recorded as operating expenditures and will be expensed in the year of purchase. This includes pooled items. Procedures for tracking pooled items are defined in the District's Capital Asset Management Procedures.
- 4.2.6 The District will set amortization expense rates using the "straight line" method, which is a calculation based on the number of years the respective capital asset type is deemed to be in service less any salvage value. Salvage values will be determined using District guidelines.
- 4.2.7 Work in progress, or capital assets under construction, will be included in the Capital Asset Register at estimated end of year values, but will not be amortized until the year of completion.
- 4.2.8 Amortization expense of newly acquired capital assets is for one-half year in the year of acquisition; and amortization of newly disposed capital assets is for one-half year in the year of disposal.
- 4.2.9 Disposals of capital assets will be recorded in the Capital Asset Register in a timely manner and will be reflected in the District's annual financial statements in accordance with PSAB accounting standards.
- 4.2.10 Amortization expense is to be calculated and accumulated annually, and will be under the responsibility of the Director of Financial Services as part of the financial statement reporting obligations.
- 4.2.11 A write-down of the value of a capital asset may occur when a reduction in future economic benefit is expected to be permanent, and the value of future economic benefit is less than the capital asset's net book value. Once a capital asset write-down is recorded, it will not be reversed.
- 4.2.12 Capital assets that have been replaced shall be disposed of for salvage value.

### 4.3 Capital Asset Financing

- 4.3.1 The District will plan financially for the appropriate level of maintenance of capital assets to deliver optimal service levels and benefit from the full useful life of the capital assets.
- 4.3.2 The District will establish, maintain, and support stable and appropriate financial reserves and other mechanisms to ensure that adequate resources are available to replace, renew, and/or decommission all capital assets.
- 4.3.3 It shall be the policy of the District to establish and maintain Asset Reserves for the acquisition and replacement of capital assets. Every effort shall be made to match these reserves to the requirements identified by the District for support of the capital assets.
- 4.3.4 Short-term capital assets will be identified as such in the Capital Asset Register. The source of financing for short-term capital assets shall be the Asset Reserves, or short-term capital leases where appropriate.
- 4.3.5 Capital linear assets will be identified as such in the Capital Asset Register. Due to the network characteristics of these assets, and their long useful lives, the management of costs across the capital linear asset life-cycle has an emphasis on timely maintenance and repair over replacement. However, every effort will be made to also provide appropriate replacement reserves, with an acknowledgement that borrowing for capital linear asset replacement may be needed in some cases.
- 4.3.6 Facility capital assets will be identified as such in the Capital Asset Register. Facility capital assets will be componentized.
- Financing of facility component replacement and betterment will be financed using the Asset Reserves; replacement of entire facilities, or construction or acquisition of new facilities, will generally be financed through a combination of Asset Reserves, use of land sales proceeds, and borrowing.
- 4.3.7 Capital grants will be used to the fullest extent available.

- 4.3.8 Capital grants are a financing mechanism, and, as such, will not be netted against the costs of the related capital assets, which will be recorded at full value.

<b>Approval Date:</b> December 5, 2016	<b>Approved by:</b> Council	
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District of West Vancouver  
**POLICY**

Title: Capital Asset Management  
Division: Finance & Corporate Services  
Policy Number: 0054  
File Number: 0282-20-0054

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## 1. Purpose

- 1.1. The purpose of this policy is to establish guidelines for an effective system for the management of the District's investment in capital assets, ensure compliance with legislation and follow best practices in asset financing.
- 1.2. The Capital Asset Management policy is based on asset management principles set out by Asset Management BC, and on principles for the accounting treatment of public sector capital assets which comply with Generally Accepted Accounting Principles (GAAP) and in accordance with Canadian Public Sector Accounting Standards (PSAS) as prescribed by the Public Sector Accounting Board (PSAB) section 3150.

## 2. Scope

- 2.1. This policy applies to all capital assets owned by the District, whether acquired through purchase, donation, dedication, or by other means.
- 2.2. This policy does not apply to non-depreciable assets, which include land, pooled items, and unique items of historic or cultural significance considered to be irreplaceable, and whose value cannot be determined.

## 3. Definitions

- 3.1. **"Asset"** means anything that the District owns or controls. This may include non-tangible assets such as certain rights, easements, or covenants; financial assets such as cash and cash equivalents, and non-amortizable assets such as land, pooled items, and unique items of historic or cultural significance whose value cannot be determined. Capital Assets are a sub-set of assets.
- 3.2. **"Asset Cost"** means the gross amount of consideration given up to acquire, construct, develop, or better an asset, and includes all costs directly attributable to acquisition, construction, development, betterment, replacement, or renewal of an asset, including installing the asset at the location and in the condition necessary for its intended use. Asset cost does not include amounts spent to maintain an asset in serviceable condition such that its useful life is not impaired.
- 3.3. **"Asset Management Task Group"** (AMTG) means a staff group charged with carrying out the responsibilities outlined in this policy.

## District of West Vancouver POLICY

- 3.4. **“Asset Reserves”** mean statutory reserves and other amounts that may be set aside by the District for the acquisition, construction, development, betterment, or replacement of capital assets.
- 3.5. **“Capital Asset”** means a physical asset which is depreciable, that is, the value of which is consumed by use over time. By policy, capital assets at the District of West Vancouver meet all the following criteria:
- (a) has physical substance;
  - (b) initial cost is greater than \$10,000;
  - (c) has a useful life extending two years or more;
  - (d) is not for sale in the ordinary course of operations; and
  - (e) is depreciable – i.e., the asset is consumed through use.
- For greater certainty, capital assets do not include land.
- 3.6. **“Capital Asset Management”** means systematic and coordinated activities and practices through which the District will manage its capital assets, and their associated performance, risks, and expenditures throughout their life-cycles.
- 3.7. **“Capital Asset Management Plan”** means a document specifying activities, resources, responsibilities and timelines for implementing the Capital Asset Management Program.
- 3.8. **“Capital Asset Register”** means a complete and accurate list of the capital assets that the District owns.
- 3.9. **“Capital Grant”** means funding provided by a third party to help defray the cost of a District capital asset. Third parties may be other levels of government providing funding through specific grant programs and may also be developers providing funding or assets through specific arrangements, including Development Cost Charges (DCCs) or Community Amenity Contributions (CACs), or members of the community contributing funding (donations).
- 3.10. **“Capital Linear Assets”** means capital assets which form a linear system. Examples include roads, sidewalks, trails, fibre optic networks, and underground pipe networks for the transport of water, sanitary sewer discharges, or storm sewer discharges.
- 3.11. **“Director, Finance & Corporate Services”** means the person duly appointed by the Corporation of the District of West Vancouver pursuant to Section 149 of the *Community Charter*.
- 3.12. **“Disposal”** means physically disposing of a capital asset. It does not mean writing a capital asset off the books, possibly replacing it, but keeping it ‘in case’ it proves useful.
- 3.13. **“District”** means the Corporation of the District of West Vancouver.
- 3.14. **“Generally Accepted Accounting Principles”** (GAAP) means the generally accepted accounting principles used by local government organizations.

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- 3.15. “Levels of Service”** means the defined and measurable quality of a particular service. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability, and cost.
- 3.16. “Pooled Items”** means similar or identical assets that do not meet the accounting definition of capital assets because individually they are valued at less than \$10,000 each, but that nevertheless generally require periodic replacement in aggregate. Examples include, but are not limited to:
- (a) library books;
  - (b) firearms;
  - (c) police protective gear;
  - (d) fire turnout gear;
  - (e) fire hoses;
  - (f) fitness equipment;
  - (g) furniture (desks, chairs, cabinets, meeting tables, lounge furniture, staff room furniture, credenzas, sit-stand furniture, other standard office equipment);
  - (h) small equipment (desktop computers, laptops, monitors, monitor arms, speakers, headsets, webcams, keyboards, mice, docking stations, cables).
- 3.17. “Public Sector Accounting Board” (PSAB)** means the body maintained by the Chartered Professional Accountants of Canada (CPA Canada) to serve the public interest by establishing Public Sector Accounting Standards (PSAS).
- 3.18. “Short-term Capital Assets”** means capital assets with a useful life of five years or less.

## 4. Policy Statement

### 4.1. Capital Asset Management

- 4.1.1. The District will maintain and manage its capital assets at defined levels of service to support public safety, community well-being, and community goals.
- 4.1.2. The District will monitor standards and levels of service to ensure that they meet and support the community and Council’s goals and objectives.
- 4.1.3. The District will establish capital asset replacement strategies using full life-cycle costing principles.
- 4.1.4. Where appropriate, the District will incorporate capital asset management into its other corporate plans.
- 4.1.5. Council is the responsible authority for approving, updating, amending, or rescinding this policy and providing the corresponding direction to administration.
- 4.1.6. The Director, Finance & Corporate Services is responsible for the overall administration and enforcement of the policy under guidance and direction from the Municipal Manager.

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- 4.1.7. An Asset Management Task Group (AMTG), consisting of at least six staff from relevant areas of the organization, shall develop proactive guidelines and practices to carry out the directives in this policy for managing, financing, and operating current assets, and in planning for future assets and delivery of services.
- 4.1.8. The AMTG shall review, at least annually, the suite of capital assets owned and managed by the District, to ensure that the capital assets are still suitable to purpose and are being managed in accordance with this policy.
- 4.1.9. The AMTG shall make an annual recommendation to Council on capital assets that should be considered for retirement, disposition, or replacement.
- 4.1.10. The District will report to citizens regularly on the status and performance of work related to the capital asset management plan.

### **4.2. Capital Asset Financing**

- 4.2.1. The District will plan financially for the appropriate level of maintenance of capital assets to deliver optimal service levels and benefit from the full useful life of the capital assets.
- 4.2.2. The District will establish, maintain, and support stable and appropriate financial reserves and other mechanisms to ensure that adequate resources are available to replace, renew, and/or decommission all capital assets.
- 4.2.3. It shall be the policy of the District to establish and maintain Asset Reserves for the acquisition and replacement of capital assets. Every effort shall be made to match these reserves to the requirements identified by the District for support of the capital assets.
- 4.2.4. Short-term capital assets will be identified as such in the Capital Asset Register. The source of financing for short-term capital assets shall be the Asset Reserves, or short-term capital leases where appropriate.
- 4.2.5. Capital linear assets will be identified as such in the Capital Asset Register. Due to the network characteristics of these assets, and their long useful lives, the management of costs across the capital linear asset life-cycle has an emphasis on timely maintenance and repair over replacement. However, every effort will be made to also provide appropriate replacement reserves, with an acknowledgement that borrowing for capital linear asset replacement may be needed in some cases.
- 4.2.6. Facility capital assets will be identified as such in the Capital Asset Register. Facility capital assets will be componentized. Financing of facility component replacement and betterment will be financed using the Asset Reserves; replacement of entire facilities, or construction or acquisition of new facilities, will generally be financed through a combination of Asset Reserves, use of land sales proceeds, and borrowing.
- 4.2.7. Capital grants will be fully used.
- 4.2.8. Capital grants are a financing mechanism, and, as such, will not be netted against the costs of the related capital assets, which will be recorded at full value.

District of West Vancouver  
**POLICY**

## 5. Approval

<b>Approved by</b>	<input type="checkbox"/> Municipal Manager	<input type="checkbox"/> Mayor and Council
<b>Approval date</b>	Click here to enter a date.	
<b>Council minutes eDocs # (Council Policies only)</b>		
<b>Council report eDocs # (Council Policies only)</b>		
<b>Signature</b>	 <hr/>	

## 6. Additional Information

<b>Category</b>	<input checked="" type="checkbox"/> Council	<input type="checkbox"/> Administrative
<b>Related procedure</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>Date of last review</b>	2025	

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