



## Capital Asset Management

### Background

KTCEA will implement policies, procedures and internal controls over capital asset acquisitions, amortization, tracking and disposals to ensure capital assets are accurately recorded, properly classified and appropriately safeguarded.

### Guidelines

1. A register or inventory of KTCEA's capital assets will be maintained that, at a minimum, includes the following information:
  - Asset tracking number.
  - Location and intended use of the asset.
  - Date of acquisition.
  - Original expected life of the asset.
  - Cost of the asset as defined in the definitions section.
  - Additions and betterments subsequent to initial acquisition of the asset.
  - Accumulated amortization and amortization for the current period.
  - Estimated residual value.
  - Adjustment to the cost of the asset as a result of damage, obsolescence or other value impairment.
  - The net book value of the asset at the end of the current period.
2. Capital assets purchased by KTCEA will be added to the register at cost and an asset tracking number will be assigned/affixed to each capital asset.
3. An annual inventory count of capital assets will be conducted to review asset existence/value, and the value of inventory will be adjusted to the actual results of the inventory count. The general ledger will be reconciled to the capital asset register on an annual basis.
4. A list of obsolete items will be maintained on an ongoing basis.
5. The Superintendent will authorize the disposal or write down of capital assets with a net book value of up to \$20,000. The Board will authorize the disposal or write down of capital assets with a net book value higher than \$20,000.
6. Assets with a cost of TBD (e.g. \$1,000) shall be capitalized and amortized as follows:

ASSET CATEGORY	AMORTIZATION RATE
Buses	30% Declining Balance
Vehicles	30% Declining Balance
Furniture & Equipment	20% Declining Balance
Buildings	4% Declining Balance
Computer Equipment	5 Years Straight-line

#	Procedure	Roles & Responsibilities
1.	<p>Capital Asset Acquisition and Amortization</p> <p>1.1 Upon acquisition, capital assets shall be added to the Capital Asset Register and assigned an asset tracking number.</p> <p>1.2 Controls will be implemented to monitor and secure capital assets at all times. This includes, but is not limited to, ensuring all buildings comply with fire safety standards, adequate insurance coverage is obtained in accordance with the Insurance Procedure, and all keys to buildings and vehicles are stored in a locked box under the care of the Associate Superintendent Corporate Services or designate.</p> <p>1.3 On an annual basis, amortization expense will be calculated for each asset category using the amortization rates in guideline 6 above and the required entry will be posted to the accounting system.</p>	<p>Associate Superintendent Corporate Services Finance Branch</p>
2.	<p>Write-downs and Disposal</p> <p>2.1 At least once a year, the existence of all capital assets will be verified and any missing, damaged or obsolete items will be identified.</p> <p>2.2 Significant damage to or losses of capital assets will be investigated, and insurance claims will be initiated where possible.</p> <p>2.3 Changes to capital asset value as a result of damage, obsolescence, loss or other value impairment will be determined and external specialists will be consulted where necessary.</p> <p>2.4 The Associate Superintendent Corporate Services will identify capital assets to be disposed of and the Director of Finance will determine the method of disposal.</p> <p>2.5 Once fair market value is determined, changes to capital asset values will be presented to the Superintendent and/or the Board who will authorize the write-down and/or disposal.</p> <p>2.6 KTC Members may be given equal opportunity to purchase or make a bid for assets that will be disposed of. If there are no KTC Members interested in the purchase of assets that will be disposed of, KTCEA employees may be given an equal opportunity to purchase or make a bid for the</p>	<p>Finance Director Associate Superintendent Corporate Services Superintendent Board</p>

	<p>assets. A notice of assets for sale shall be posted in a public place and will include the following information:</p> <ul style="list-style-type: none"> <li>• Asset to be sold and a description of the asset.</li> <li>• Deadline for submission of bids and deposits.</li> <li>• Conditions for purchase, such as “where is” and “as is”.</li> <li>• Form of payment expected.</li> <li>• Date for removal by purchaser.</li> <li>• All sales are final.</li> </ul> <p>2.7 Results of offers to purchase shall be presented to Superintendent and/or the Board who will decide which offer, if any, will be accepted.</p> <p>2.8 The capital asset register will be updated as required noting the Superintendent and/or the Board’s decision where applicable for disposals and/or write-downs.</p>	
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**Definitions:**

**Capital assets** - any asset with an initial useful life extending beyond one year that is not held for sale or used in the ordinary course of operations. Capital assets include buildings, furniture, vehicles, office and computer equipment.

**Amortization** - the allocation of an expense for the use and reduction in value of a capital asset during the course of the asset’s useful life.

**Betterments** - subsequent expenditures on capital assets that increase the asset’s service capacity and estimated useful life.

**Cost** - amount of money to be paid or spent to obtain a capital asset. The total amount of consideration given up acquiring a capital asset plus all additional amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

**Disposal** – method for disposing of assets that can include sales, trade-in or donations.

**Fair market value** - the amount assets can be sold for in a voluntary transaction between a buyer and a seller.

**Impairment** – a permanent decline in the carrying value of a capital asset, such that its carrying value exceeds the recoverable amount.

**Recoverable amount** - the fair market value of the asset less cost of disposal.

**References:**

Policy 17 Capital Assets and Planning  
 AP 530 Insurance

**Procedure Amendments and Updates**

The responsibility for updating and amending this procedure rests with the Associate Superintendent Corporate Services.