

P O L I C Y



Department Administration	Policy No. AD(29)	Page 1 of 1
Policy Title REPLACEMENT OF CAPITAL EQUIPMENT	Date: July 6, 2017	Resolution No. C/377/17

Policy

To provide for a consistent budgetary process, the County Commissioner or designate will prepare and maintain a long-range projection for the acquisition and replacement of capital equipment.

Regulation

The long-range projection will include the following criteria:

- (a) minimum 15 year plan
- (b) Percentage per annum inflation/deflation from date of purchase (rate used is 2.0%)
- (c) Residual/market value at time of disposal
- (d) Equipment life expectancy based on historical knowledge, relative repair records, hour/kilometers of use, type of use and metal fatigue

Application of Criteria:

Equipment purchase 2017 - \$100,000; life 11 years
 \$100,000 cost @ 2% inflation for 11 years = \$124,337
 \$124,337 less 20% residual value of original purchase (\$20,000) = \$104,337
 Required in 2028 is \$104,337
 Reserve funding required is \$9,182/annum inflated at 2%

An amount calculated for all major equipment pursuant to the above criteria shall be budgeted each year for capital equipment. Any amount obtained from the sale of capital equipment is deemed capital funds and will not decrease the annual allocation.

Revised: January 18, 2006
 October 13, 2011