

TOWN OF VULCAN

Policy Manual

<u>POLICY NUMBER</u>			<u>TITLE OF POLICY</u>
F-08			Capital Cost Definition
Approval	D/M/Y	Resolution #	
From: F-25		To: F-08	
Amended	23/01/17	17.034	

STATEMENT:

The Town of Vulcan requires a policy to define Capital Cost, to better distinguish capital items from operating items.

1. Definition

Capital costs are fixed, one-time expenses incurred on the purchase of land, buildings, construction, and equipment used in the production of goods or in the rendering of services.

1.1 Capital costs shall be items that will:

- (a) Have a useful life of three (3) or more years; and
- (b) Have a value of not less than one thousand dollars (\$1000.00)

1.2 Capital costs shall include the construction of a piece of equipment, road, structure, etc. and:

- (a) Include Town labour, contracted services and materials; and
- (b) Have a value of not less than one thousand dollars (\$1000.00)

1.3 Capital costs shall also include renovations where upgrading or additions are constructed increasing the value of the equipment, road, structure, etc. and:

- (b) Include Town labour, contracted services and materials; and
- (c) Have a value of not less than one thousand dollars (\$1000.00)

1.4 All other material costs, labour costs, and/or contracted services will be referred to as operating and/or maintenance costs, or a replacement cost.

- END OF POLICY-