

	<h2>COMMITTEE OF THE WHOLE</h2>
---	---------------------------------

For meeting to be held on: December 17, 2013	Submitted by: James Gates Treasurer	For: Action
Subject: <h2 style="text-align: center;">ASSET MANAGEMENT PLAN</h2>		



BACKGROUND

In August 2012, the Province of Ontario initiated the Municipal Infrastructure Strategy. This initiative focuses on asset management planning for municipalities. Any Ontario municipality or local service board seeking provincial capital funding in the future must submit a detailed asset management plan as part of the grant application process.

ANALYSIS

The County of Middlesex has been diligent in ensuring the on-going replacement of its assets before the Public Sector Accounting Board (PSAB) requirements came into place in 2009. The County had in its budget each year funding for the replacement of roads' vehicles, EMS vehicles, road resurfacing, computer equipment and books. PSAB brought an awareness of the magnitude of the County's asset base and the need for asset replacement.

Over the past five years, County Council has approved policies to sustain the County's assets. These policies cover roads, bridges, road equipment, road structures and Strathmere Lodge equipment. In addition to the policies the approved budget each year contains funds for the on-going replacement of roads' vehicles and EMS vehicles as well as computer and books.

The implementation of financing policies has provided a number of benefits through improved accountability and a deeper understanding of the asset costs and replacement cycle.

This Asset Management Plan is taking all of those policies, asset information and budget replacement budgets into one document. A document that the County will build on to ensure our assets is replaced and the financing for their replacement is available.

SUBJECT: ASSET MANAGEMENT PLAN

RECOMMENDATION

That the Asset Management Plan be approved by Council and forwarded to the Province and that the Asset Management Plan be reviewed at a minimum every four years.

Attachment

COUNTY OF MIDDLESEX
MUNICIPAL ASSET MANAGEMENT PLAN
November 26, 2013

Executive Summary

The County of Middlesex has been diligent in ensuring the on-going replacement of its assets before the Public Sector Accounting Board (PSAB) requirements came into place in 2009. The County had in its budget each year funding for the replacement of roads' vehicles, EMS vehicles, road resurfacing, computer equipment and books.

PSAB brought an awareness of the magnitude of the County's asset base and the need for asset replacement.

Over the past five years, County Council has approved policies to sustain the County's assets. These policies cover roads, bridges, road equipment, road structures and Strathmere Lodge equipment. In addition to the policies the approved budget each year contains funds for the on-going replacement of roads' vehicles and EMS vehicles as well as computer and books.

The implementation of financing policies has provided a number of benefits through improved accountability and a deeper understanding of the asset costs and replacement cycle.

Through the implementation of asset management best practices, infrastructure assets that support municipal services are monitored and maintained at levels that enable the County to provide these services at manageable risks and a high level of reliability and confidence to those that receive these services.

The County will continue to review its asset funding policies to ensure that they meet the replacement of our assets today and for the future.

The County currently has a surplus when comparing the historical cost amortization to the transfer to capital and reserve funds to the County's capital program.

Introduction

In order to make informed decisions about the allocation of resources, staff, politicians and ultimately the customer all need useful information. Asset management is a resource allocation tool that will provide the information municipalities will need to make decisions as to how they will build, operate, maintain, renew and replace an asset over its useful life. Asset management plans will identify the technical and financial needs of roads, bridges, vehicles, equipment and structures and provide information well in advance of a major asset renewal or replacement enabling a municipality to plan for these major projects should the timing of the needs coincide.

Asset management is not a new practice. Managers of infrastructure assets at all levels of government, school boards, universities, etc. have managed a diversified set of built assets for many years. What is changing today is that many of the assets built in the 1950's, 60's and 70's are at or near the end of their useful life and many municipalities that experienced significant growth in the past realize that for these aging assets they must turn their attention away from building new assets and focus their efforts on renewal and replacement. On top of this, the public is demanding higher levels of service from their municipalities and is less tolerant of such things as potholes in roads. The public has an increased expectation that government will be more accountable and for municipalities to take a business-like approach to managing their assets.

The County of Middlesex municipal asset management plan was developed by Transportation and Treasury staff. It was based upon the updated information established for financial accounting purposes in response to the Public Sector Accounting Board (PSAB) recommendations commencing in 2009.

This asset management plan covers the following assets: Roads, Bridges, Structures, Roads vehicles, EMS vehicles, computers, books and Strathmere Lodge equipment.

This plan does not cover the Strathmere Lodge building. The Lodge currently has a debenture that will be repaid in the year 2026. Once this debt is paid, staff will be making recommendations at that time for the financing of the replacement of Strathmere Lodge building and its components.

Since 2009, the Council of the County of Middlesex has approved financing policies and budget transfers for the replacement of our assets. (see Appendix A)

Asset Management Plan – What are the essential components?

In order for an Asset Management Plan to fulfill the principles of asset management, the following essential components must be contained in the overall plan:

1. Asset Value:

All municipal infrastructure assets have a monetary value. Staff has determined the actual capital value for some of the assets and for others provided an estimate. This was completed through the Tangible Capital Asset processes using PSAB 3150 Guidelines.

2. Lifecycle Management:

All assets have a limited life expectancy. To some degree the rate of deterioration can be estimated. A decision made at any point in time in the lifecycle of an asset has an effect on the remaining life and may have operational implications and related costs. The lifecycle for each asset as presented in this report is contained in the attachments.

3. Sustainability:

In terms of asset management, sustainable development has been defined as “meeting the needs of the present generation without compromising the ability of the future generations to meet their own needs”. This definition has been extracted from the “National Guide to Sustainable Municipal Infrastructure”. The Asset Management Plan needs to identify a financial plan over the long term to ensure that sufficient monies are available. These monies provide the resources required to operate, rehabilitate, dispose and ultimately replace the asset at the optimal time with the intention of achieving the lowest lifecycle cost. The plan helps make sure that current users pay a fair share for the service they receive and that future users pay a similar cost for the same level of service which ensures multigenerational equity and fairness.

4. Integration of Technical and Financial Plans:

The technical plan must minimize lifecycle costs for the infrastructure while maintaining an adequate level of service at the lowest possible level of risk. The financial plan must identify the financial investment required per year for each asset over the long term. Ideally, the two plans should be integrated so the relationship between the level of service and the cost can be quantified. The plans attached to this report integrate the financial investment level required to the level of service. The technical and financial relationship may

change from time to time depending on the outcome of asset condition assessments.

5. Risk Assessment:

Risk should be managed in any decision making process. The owner of the assets should analyze and document acceptable risk tolerance. In the County's case, the probability of failure is taken into account while the condition of the asset is being analyzed. The condition survey leads to determining the rate of failure and the consequences of such failure. Risk factors can include financial, environmental, regulatory/legal and public health and safety.

6. Performance Measurement:

To optimize an Asset Management Plan, performance of the assets and rehabilitation strategies should be monitored regularly and adjustments made at the appropriate stage in the asset lifecycle to achieve an acceptable balance between cost and the performance (level of service).

Other Initiatives

As a member of OGRA, the County has taken advantage of providing road and bridge asset data to the Association to help with the construction of a province wide database through OGRA's Municipal Data Works (MDW) program. MDW is a data collection point for all roads related assets of member municipalities in Ontario. OGRA uses the data as an illustrative tool to understand the infrastructure gap in the province. This is then used for demonstrative purposes when the Association lobbies the Ontario Government for increased grant funding to provide for asset renewal and rehabilitation of roads and bridges. More importantly the data is used to establish asset management best practices and performance measures for the municipal sector.

The County utilizes the Great Plains asset management module to track its assets. This asset management module assists with the overall administration of the County's assets described within this report. The common database will also ensure that everyone is working from the same page to ensure coordination of projects. The end result is that capital projects can be better planned, and the long term planning associated with the asset management plan can be better managed with the intention of maximizing the life of the asset.

State of local infrastructure and Expected levels of service

The County’s current Capital Asset inventory and subsequent estimated annual amortization is highlighted below in Table 1. The 2013 budgeted capital expenditures and reserve contributions for replacement of these assets are also shown. It should be noted that there currently is a funding surplus of \$5,090,896.

Table 1				
County of Middlesex				
Year 2013				
	Projected	Projected		Projected
	Historical (Original) Cost	Annual Amortization	2013 Capital Budget	Annual Surplus/(Deficit)
Roads	\$ 96,642,050	\$ 4,670,817	\$ 8,160,800	\$ 3,489,983
Bridges	33,840,269	404,135	2,500,000	2,095,865
Structures	9,811,872	234,314	214,000	-20,314
Roads Vehicles & Equipment	7,654,712	642,816	800,000	157,184
EMS Vehicles & Equipment	6,093,903	903,956	747,288	-156,668
Fire & 911 Equipment	905,722	60,229	-	-60,229
Computers	1,527,524	221,198	217,003	-4,195
Books	2,880,468	371,536	425,000	53,464
Lodge Building	16,557,262	522,830	-	-522,830
Lodge Equipment	2,468,590	141,364	200,000	58,636
	\$ 178,382,372	\$ 8,173,195	\$ 13,264,091	\$ 5,090,896

As shown above, one of the shortfalls of comparing budget for capital replacement to amortization of existing assets is that the current cost of replacement is not reflected in the amounts and replacing an asset today could cost more than the historical cost of the asset.

Asset management strategy and Financing strategy

A review of the asset replacement over the next ten years shows that the County of Middlesex will continue to meet the needs of its assets with its current budget policies and strategy. If any of the County's assets increase such as the road network, then the allocation each year should increase.

This forecast is based upon replacing the asset once it is fully amortized.

	2014	2015	2016	2017	2018	2019
Roads	4,880,119	4,619,726	6,302,189	7,858,715	7,600,615	4,952,218
Bridges	467,735	99,601	170,551	52,532	255,519	1,727,112
Structures	321,676	22,278	-	-	-	-
Roads Vehicles & Equipment	344,025	646,773	41,601	430,999	535,927	22,769
EMS Vehicles & Equipment	704,500	700,660	580,832	720,338	2,111,124	127,960
Fire & 911 Equipment	-	-	-	-	-	-
Computers	120,591	129,467	283,258	221,219	116,474	104,893
Books	391,409	436,135	538,927	423,583	302,535	371,256
Lodge Building	-	-	19,373	-	-	-
Lodge Equipment	-	68,460	143,949	-	-	8,085
Total	7,230,055	6,723,100	8,080,680	9,707,386	10,922,194	7,314,293

	2020	2021	2022	2023	Total
Roads	6,344,188	4,285,513	6,915,149	3,414,876	57,173,308
Bridges	1,801,050	75,134	1,265,511	850,354	6,765,099
Structures	-	117,938	22,279	-	484,171
Roads Vehicles & Equipment	110,010	473,571	201,327	281,989	3,088,991
EMS Vehicles & Equipment	499,091	610,290	706,550	572,764	7,334,109
Fire & 911 Equipment	1,056,787	65,426	-	-	1,122,213
Computers	342,362	175,007	172,400	201,874	1,867,545
Books	423,860	440,556	467,216	449,252	4,244,729
Lodge Building	20,630	346,929	-	-	386,932
Lodge Equipment	135,956	43,821	218,690	42,066	661,027
Total	10,733,934	6,634,185	9,969,122	5,813,175	83,128,124.00

Staff ensures that the County's assets are well maintained and funds are budgeted each year for their maintenance, rehabilitation or replacement as required.

Conclusion

The Asset Management Plan as presented in this report is a systematic process that allows for the maintenance, upgrading and the operating of our physical assets in a cost effective manner. The implementation of an Asset Management Plan provides the County with a decision making tool to analyze new demands and deliver fiscally responsible options in a sustainable framework.

Financial Impact

County Council has approved policies for the ongoing replacement of our assets. These policies form the basis for an amount each year in the annual budget. Other assets have an amount allocated each year in the budget.

State of local infrastructure

Paved Roads

MIDDLESEX COUNTY HIGHWAY SYSTEM PAVEMENT PERFORMANCE								
YEAR	2002	2003	2004	2005	2006	2007	2009	2012
WEIGHTED AVERAGE PAVEMENT CONDITION	81.23	81.79	81.07	81.70	82.18	83.52	85.21	85.34
LANE KILOMETERS IN ROAD SYSTEM	1553.90	1553.90	1553.90	1582.90	1582.90	1582.90	1582.90	1582.90
LANE KILOMETERS REQUIRING IMPROVEMENT IN NEXT 5 YEARS	522.60	481.70	470.90	449.50	445.10	378.10	303.90	221.50
% OF SYSTEM REQUIRING IMPROVEMENT IN NEXT 5 YEARS	34%	31%	30%	28%	28%	24%	19%	14%
LANE KILOMETERS REQUIRING IMPROVEMENT IN NEXT 6 TO 10 YEARS	343.90	354.60	388.00	379.40	355.40	372.00	330.50	433.60
% OF SYSTEM REQUIRING IMPROVEMENT IN NEXT 6 TO 10 YEARS	22%	23%	25%	24%	22%	24%	21%	28%

Paved Roads

As shown in the table above the County's average pavement condition has improved from 81.23 in 2002 to 85.34 in the 2012 review.

Also note the percentage of system requiring improvement over the next five years has decreased to 14%. But also the percentage of system requiring improvement over the next ten years has increased to 28%. This means that in the six to ten year timeframe, more lane kilometres will need to be improved.

In 2012, the County increased the transfer for Road capital by 1% each year. The amount transferred in 2013 was \$8,160,800.

Bridges

The County of Middlesex has 248 bridges and culverts over three metres.

The County each year budgets \$2,500,000 for capital improvements for the County's bridges.

Looking into the future (15 – 25 years), the County will be replacing or major repairs to a number of the County's bridges.

Structures

The funding is for Roads' structures, this includes the Roads' barns and salt domes located throughout the County. Each year \$150,000 is budgeted for the replacement of these structures in the future.

Roads' Vehicles

Each year, the County Engineer presents the five year replacement schedule for approval. Below is the 2014 to 2018 schedule.

FIVE YEAR MACHINERY REPLACEMENT PROGRAM 2014 - 2018

EQUIP	ITEM DESCRIPTION	YEAR LAST REPLACED	2014	2015	2016	2017	2018
LOADERS, BACKHOES, MOWERS							
L-1	TRACTOR/LOADER	2004		85,000			
L-2	TRACTOR/LOADER	2004	85,000				
L-3	TRACTOR/LOADER	2012					
L-4	TRACTOR/LOADER	2005		85,000			
L-5	TRACTOR/LOADER	2003					
L-6	3 YD LOADER	2007					
L-7	FORKLIFT	2002					
L-8	4 YD LOADER	2000	250,000				
L-10	TRACTOR/LOADER	1994					
L-11	TRACTOR BACKHOE	2004		120,000			
L-12	EXCAVATOR	2002		180,000			
M-1	MULTIDISC MOWER	2012				10,000	
M-2	MULTIDISC MOWER	2012				10,000	
M-3	MULTIDISC MOWER	2012				10,000	
M-4	MULTIDISC MOWER	2012				10,000	

FIVE YEAR MACHINERY REPLACEMENT PROGRAM 2014 - 2018

EQUIP	ITEM DESCRIPTION	YEAR LAST REPLACED	2014	2015	2016	2017	2018
TRUCKS							
T-2	82,000 LB TRIAXLE COMBINATION BODY	2010					
T-3	3/4 TON PICK-UP	2012			45,000		
T-4	68,000 LB TANDEM	2013					
T-5	60,000 LB TANDEM COMBINATION BODY	2003					
T-9	82,000 LB TRIAXLE COMBINATION BODY	2012					
T-10	82,000 LB TRIAXLE COMBINATION BODY	2003					
T-11	82,000 LB TRIAXLE COMBINATION BODY	2012					
T-12	82,000 LB TRIAXLE COMBINATION BODY	2008				275,000	
T-14	60,000 LB TANDEM COMBINATION BODY	2005		230,000			
T-15	½ TON WINDOW VAN	2002	40,000				
T-16	60,000 LB TANDEM COMBINATION BODY	2004					
T-17	68,000 LB TANDEM COMBINATION BODY	2013					
T-18	82,000 LB TRIAXLE COMBINATION BODY	2007			260,000		
T-19	82,000 LB TRIAXLE COMBINATION BODY	2008				275,000	
T-20	3/4 TON PICK-UP	2012		45,000			45,000
T-21	3/4 TON CREW CAB PICKUP	2013					
T-22	3/4 TON CREW CAB PICK-UP	2013					
T-23	60,000 LB TANDEM COMBINATION BODY	2004	230,000				

FIVE YEAR MACHINERY REPLACEMENT PROGRAM 2014 - 2018

EQUIP	ITEM DESCRIPTION	YEAR LAST REPLACED	2014	2015	2016	2017	2018
T-24	60,000 LB TANDEM COMBINATION BODY	2006			230,000		
T-26	60,000 LB TANDEM COMBINATION BODY	2010					
T-27	3/4 TON CREW CAB PICKUP	2007	45,000				
T-28	3/4 TON CREW CAB PICKUP	2007	45,000				
T-29	82,000 LB TRIAXLE COMBINATION BODY	2007			260,000		
T-30	60,000 LB TANDEM COMBINATION BODY	2010					
T-31	3/4 TON PICK-UP	2012				32,000	
T-32	3/4 TON PICK-UP	2012				32,000	
T-33	3/4 TON PICK-UP	2009	32,000				
T-34	3/4 TON PICK-UP	2009	32,000				
T-36	82,000 LB TRIAXLE COMBINATION BODY	2010					
T-37	68,000 LB TANDEM COMBINATION BODY	2011					
T-38	PICKUP	2011				30,000	
T-39	68,000 LB TANDEM COMBINATION BODY	2011					
T-41	3/4 TON PICKUP	2006					
T-43	3/4 TON PICKUP	2009					
T-44	3/4 TON PICKUP	2008					
T-45	3/4 TON PICKUP	2007					
T-50	1/2 TON PICKUP	2005					

FIVE YEAR MACHINERY REPLACEMENT PROGRAM 2014 - 2018

EQUIP	ITEM DESCRIPTION	YEAR LAST REPLACED	2014	2015	2016	2017	2018
GRADERS AND ATTACHMENTS							
G-1	GRADER 730A	2005					
G-2	GRADER 940A	2009					
G-3	GRADER 740 A	1993					300,000
MISCELLANEOUS EQUIPMENT							
T-40	HIGHWAY MARKER	2006					
	TRIAxLE TRAILER	1977					
	TRIAxLE TRAILER	1992					
	30 TON TRAILER	2002					
	WALING DUMP PUP TRAILER	1998					
	RAVEN DUMP PUP TRAILER	1977					
	GRAVEL STACKER 60 FOOT	2008				75,000	
	SHOULDERING MACHINE	2008					
	3,000 GALLON TANK AND PUMP (SLIDE IN UNIT)	2004					
	3,000 GALLON TANK AND PUMP (SLIDE IN UNIT)	2008					
	185 CFM AIR COMPRESSOR	1997	20,000				
	TAR KETTLE	2003					
	CARGO BRIDGETRAILER	2012					
	CANADA BACHOE TRAILER	2012					
T-60	VACUUM TRUCK	2009					450,000
TOTALS			774,000	745,000	795,000	759,000	795,000

Lodge Equipment

Strathmere Lodge was built in 2006. At that time a lot of the equipment was replaced. A policy has been approved for \$150,000 to be included in the budget each year.

EMS Vehicles and Equipment

Each year, the Chief of EMS brings forward his vehicle and equipment replacement schedule as part of the MLEMS budget.

Computers

The County set the useful life of computers at four years. The funds to replace these computers are in each department's budget.

Library Books

In the Library Board Budget each year is \$425,000 for the replacement of Library materials.

Attached

Appendix A – Asset Management Policies

1. Paved Roads
2. Bridges
3. Structures
4. Roads' Vehicles
5. Lodge Equipment



COMMITTEE OF THE WHOLE

For meeting to be held on: June 16, 2009	Submitted by: James Gates, County Treasurer	For: Action	Agenda Item # C.2 CW
Subject: TANGIBLE CAPITAL ASSET FINANCING - ROADS			

BACKGROUND:

In 2008, Council approved setting up reserve funds for capital replacement of bridges and Strathmere Lodge equipment.

Continuing our review of the County's tangible capital asset replacement, this report deals with the ongoing funding and replacement of the County's roads.

ANALYSIS:

The five year construction guide has identified \$39,415,500 in road construction or resurfacing.

In order to finance the road program \$8,000,000 needs to be transferred to a road reserve fund each year.

Funding received Provincial or Federal Governments such as the Federal Gas Tax will decrease the impact on the tax rate, but the County transfer will remain constant each year.

This amount of \$8,000,000 will be reviewed each year as to whether the transfer will sustain the roads capital program.

RECOMMENDATION:

That \$8,000,000 be transferred to a reserve fund each year for capital roads projects and the amount will be reviewed each year.

Attachment

TANGIBLE CAPITAL ASSET POLICY COUNTY ROADS

1.0 PURPOSE

To provide for the planning, replacement and financing of County of Middlesex Road Tangible Capital Assets.

2.0 DEFINITIONS

2.1 *Tangible Capital Assets*

Tangible Capital Assets are non-financial assets having physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other TCA;
- have useful economic lives extending beyond one year;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of operations.

2.2 *Reserve Funds*

Reserve funds are used to account for transactions which, for legal or other reasons, require that funds specifically earmarked for a particular project or activity be physically segregated and actually spent on that project of activity. The use to which these discretionary reserve funds may be put is specified when the reserve funds are established, and they may not be converted to other uses without council's approval.

2.3 *Road Asset*

For this report, a road is defined as a linear asset with a cost of \$100,000 or more.

3.0 RESPONSIBILITY

3.1 *County Engineer and Treasurer*

The County Engineer and Treasurer are responsible for the administration of this policy.

3.2 *Treasury Department*

The Treasury Department is responsible for the reporting and maintenance of the reserve funds.

**TANGIBLE CAPITAL ASSET POLICY
COUNTY ROADS**

3.3 *Engineering Department*

Engineering Department is responsible for the maintenance and replacement of the road tangible capital assets.

4.0 FINANCING OF TANGIBLE CAPITAL ASSETS

The County of Middlesex has over 1,500 lane kilometres of road.

The reserve fund for the County of Middlesex Road Structures will be financed each year as a transfer from the operating budget. The amount set aside to finance these tangible capital assets each year will be \$8,000,000.

The transfer amount will be set up in a reserve fund and interest will accrue to it. The interest will help to offset any price increase.

TANGIBLE CAPITAL ASSET POLICY

COUNTY BRIDGES

1.0 PURPOSE

To provide for the planning, replacement and financing of County of Middlesex Bridge Tangible Capital Assets.

2.0 DEFINITIONS

2.1 *Tangible Capital Assets*

Tangible Capital Assets are non-financial assets having physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other TCA;
- have useful economic lives extending beyond one year;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of operations.

2.2 *Reserve Funds*

Reserve funds are used to account for transactions which, for legal or other reasons, require that funds specifically earmarked for a particular project or activity be physically segregated and actually spent on that project or activity. The use to which these discretionary reserve funds may be put is specified when the reserve funds are established, and they may not be converted to other uses without council's approval.

2.3 *Bridge Structure*

For engineering purposes and this report, a structure is defined to be a bridge if its span is greater than or equal to three metres. There are many culvert-type bridges in the bridge database, such as box culverts and pipe culverts.

3.0 RESPONSIBILITY

3.1 *County Engineer and Treasurer*

The County Engineer and Treasurer are responsible for the administration of this policy.

3.2 *Treasury Department*

The Treasury Department is responsible for the reporting and maintenance of the reserve funds.

**TANGIBLE CAPITAL ASSET POLICY
COUNTY BRIDGES**

3.3 *Engineering Department*

Engineering Department is responsible for the maintenance and replacement of the bridge tangible capital assets.

4.0 FINANCING OF TANGIBLE CAPITAL ASSETS

The County of Middlesex has over 200 bridge structures; some of our culverts are over 90 years old.

The reserve fund for the County of Middlesex Bridge Structures will be financed each year as a transfer from the operating budget. The amount set aside to finance these tangible capital assets each year will be \$2,500,000.

The transfer amount will be set up in a reserve fund and interest will accrue to it. The interest will help to offset any price increase.

TANGIBLE CAPITAL ASSET POLICY COUNTY ROADS' GARAGES AND SALT DOMES

1.0 PURPOSE

To provide for the planning, replacement and financing of County of Middlesex Roads' Garages and Salt Domes Tangible Capital Assets.

2.0 DEFINITIONS

2.1 *Tangible Capital Assets*

Tangible Capital Assets are non-financial assets having physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other TCA;
- have useful economic lives extending beyond one year;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of operations.

2.2 *Reserve Funds*

Reserve funds are used to account for transactions which, for legal or other reasons, require that funds specifically earmarked for a particular project or activity be physically segregated and actually spent on that project or activity. The use to which these discretionary reserve funds may be put is specified when the reserve funds are established, and they may not be converted to other uses without council's approval.

2.3 *Roads' Garages and Salt Domes*

For this report, Roads' Garages and Salt Domes are defined as an individual asset with a cost of \$5,000 or more.

3.0 RESPONSIBILITY

3.1 *County Engineer and Treasurer*

The County Engineer and Treasurer are responsible for the administration of this policy.

3.2 *Treasury Department*

The Treasury Department is responsible for the reporting and maintenance of the reserve funds.

**TANGIBLE CAPITAL ASSET POLICY
COUNTY ROADS' GARAGES AND SALT DOMES**

3.3 *Engineering Department*

Engineering Department is responsible for the maintenance and replacement of the Roads' Garages and Salt Domes tangible capital assets.

4.0 FINANCING OF TANGIBLE CAPITAL ASSETS

The County of Middlesex has over Roads' Garages and Salt Domes with a replacement cost of over \$7,290,000.

The reserve fund for the County of Middlesex Roads' Garages will be financed each year as a transfer from the operating budget. The amount set aside to finance these tangible capital assets each year will be \$150,000.

The transfer amount will be set up in a reserve fund and interest will accrue to it. The interest will help to offset any price increase.

TANGIBLE CAPITAL ASSET POLICY

COUNTY ROAD'S VEHICLES

1.0 PURPOSE

To provide for the planning, replacement and financing of County of Middlesex Road's Vehicles Tangible Capital Assets.

2.0 DEFINITIONS

2.1 *Tangible Capital Assets*

Tangible Capital Assets are non-financial assets having physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other TCA;
- have useful economic lives extending beyond one year;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of operations.

2.2 *Reserve Funds*

Reserve funds are used to account for transactions which, for legal or other reasons, require that funds specifically earmarked for a particular project or activity be physically segregated and actually spent on that project of activity. The use to which these discretionary reserve funds may be put is specified when the reserve funds are established, and they may not be converted to other uses without council's approval.

2.3 *Road's Vehicles Asset*

For this report, a Road's Vehicles is defined as an individual asset with a cost of \$5,000 or more.

3.0 RESPONSIBILITY

3.1 *County Engineer and Treasurer*

The County Engineer and Treasurer are responsible for the administration of this policy.

3.2 *Treasury Department*

The Treasury Department is responsible for the reporting and maintenance of the reserve funds.

**TANGIBLE CAPITAL ASSET POLICY
COUNTY ROAD'S VEHICLES**

3.3 *Engineering Department*

Engineering Department is responsible for the maintenance and replacement of the Road's Vehicles tangible capital assets.

4.0 FINANCING OF TANGIBLE CAPITAL ASSETS

The County of Middlesex has over 60 Road's Vehicles with a cost of over six million dollars (\$6,000,000).

The reserve fund for the County of Middlesex Road's Vehicles will be financed each year as a transfer from the operating budget. The amount set aside to finance these tangible capital assets each year will be \$780,000.

The transfer amount will be set up in a reserve fund and interest will accrue to it. The interest will help to offset any price increase.

TANGIBLE CAPITAL ASSET POLICY STRATHMERE LODGE

1.0 PURPOSE

To provide for the planning, replacement and financing of Strathmere Lodge Tangible Capital Assets.

2.0 DEFINITIONS

2.1 *Tangible Capital Assets*

Tangible Capital Assets are non-financial assets having physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other TCA;
- have useful economic lives extending beyond one year;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of operations.

2.2 *Reserve Funds*

Reserve funds are used to account for transactions which, for legal or other reasons, require that funds specifically earmarked for a particular project or activity be physically segregated and actually spent on that project or activity. The use to which these discretionary reserve funds may be put is specified when the reserve funds are established, and they may not be converted to other uses without council's approval.

3.0 RESPONSIBILITY

3.1 *Strathmere Lodge Administrator and Treasurer*

The Strathmere Lodge Administrator and Treasurer are responsible for the administration of this policy.

3.2 *Treasury Department*

The Treasury Department is responsible for the reporting and maintenance of the reserve funds.

3.3 *Strathmere Lodge Department*

Strathmere Lodge is responsible for the maintenance and replacement of the lodges' tangible capital assets.

**TANGIBLE CAPITAL ASSET POLICY
STRATHMERE LODGE**

4.0 FINANCING OF TANGIBLE CAPITAL ASSETS

The building assets that last forty years or more will be financed through long term debt.

The other assets such as furniture and equipment will be financed from a reserve fund as required.

The reserve fund for the Strathmere Lodge furniture and equipment will be financed each year as a transfer from the operating budget. The amount set aside to finance these tangible capital assets each year will be \$200,000.

The transfer amount will be set up in a reserve fund and interest will accrue to it. The interest will help to offset any price increase.