

CAPITAL ASSETS IN SUDBURY DEFINED FOR CAPITAL IMPROVEMENT PROGRAM

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Proposal for Sudbury Capital Asset “Definition”

Capital Assets are the community-owned collection of significant, long-lasting, and expensive real and personal property used in the operation of government, including land and land improvements; infrastructure, such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. In order to be included in Sudbury’s Capital Improvement Program, Capital Assets must cost \$20,000 or more and have a useful life of 5 or more years. Items or improvements that do not meet this threshold should be included within the Town’s operating budget.

To consider: Capital maintenance costs should be budgeted within department-level capital line items instead of being included in the Capital Improvement Program.

DEFINITION REFERENCE

Department of Local Services Sudbury Review of Capital Improvement Program April 2020

Capital assets are the community-owned collection of significant, long-lasting, and expensive real and personal property, such as land, buildings, equipment, infrastructure, and rolling stock.

Capital Improvement Program is a risk management framework for ensuring these assets can continuously, efficiently, and effectively provide desired services according to a well-thought-out, economical plan.

“Given Sudbury’s overall budget size, range of services, and scale of capital assets, most, if not all the major departments should have an annual capital line item for their necessary maintenance budgets.”

Department of Revenue/Division of Local Services Municipal Glossary January 2020

Capital Asset – Any tangible property used in the operation of government that is not easily converted into cash and that has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure, such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and minimum initial cost.

Capital Budget – An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method to finance each recommended expenditure (e.g., tax levy or rates) and identify those items that were not recommended.

Capital Improvement Program – A blueprint for planning a community's capital expenditures that comprises an annual capital budget and a five-year capital plan. It coordinates community planning,

fiscal capacity, and physical development. While all the community's needs should be identified in the program, there is a set of criteria that prioritize the expenditures.

Town of Sudbury Financial Policies Manual draft December 2020

In Sudbury, the CIP shall not include items that cost less than \$20,000 or have a useful life of less than 5 years. Items that do not meet this threshold should be included within the Town's operating budget.

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