

Rural Municipality of Heart's Hill No. 352

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11.2 PROCEEDS FROM THE DISPOSAL OF A CAPITAL ASSET

DEFINITION:

Capital assets, as defined by Schedule A of Bylaw 3/08.

POLICY:

If a capital asset is sold, the cash proceeds, less GST if applicable, is to be deposited into its respective reserve fund.

If a capital asset is traded in for an asset which is to be funded by the same reserve the proceeds from the disposal would be deposited, the difference, less applicable taxes, shall be drawn from the reserve.

If a capital asset is traded for an asset funded by a different reserve account, then the proceeds from disposal and the funding of the new asset shall be deposited and withdrawn from their respective reserve accounts.

RATIONALE:

The Municipality has set up reserve accounts for the various categories of Capital Assets. The funding of the reserves is reflective of the five year Capital Asset Management Plan. In order for the Capital Asset Management Plan and the reserve accounts to remain meaningful, it is important that deposits for disposals and withdrawals for new purchases are respective of their appropriate reserve accounts.

AUTHORITY:

Resolution:

Bylaw 3/08: A Bylaw to Establish for the Accounting of Tangible Capital Assets

The Municipalities Act: