



Capital Asset Management Policy

Policy Type: Corporate

Policy Owner: Vice President, Finance, Administration, and Applied Research

Approval Date: February 17, 2026

Replaces: Version 2021

Corresponding Procedure:

[Disposal of Surplus Assets Procedure](#)

Financial Reporting and Safekeeping of Capital Assets Procedures

Procurement Procedures (Requisition Entry)

Purpose

Cambrian College (“the “College”) is required by law to follow the Public Sector Accounting Standards (PSAS) when preparing financial statements. This policy ensures that College capital assets are properly recorded in the appropriate ledgers.

Scope

This policy applies to all College employees who are responsible for acquiring assets on behalf of the College. It also applies to employees who are responsible for recording an asset, calculating and recording annual amortization expense and revenue, and recording the disposal of all Capital Assets in the fixed assets ledger and general ledger.

Definitions

Accumulated amortization: the cumulative amount of all amortization expenses.

Amortization expense: an expense that is allocated to an asset based on the useful life of a capital asset.

Asset: any item that is purchased, donated, or constructed by the College that has an estimated useful life expectancy of more than one (1) year.

Capital asset: includes individual College assets with a pre-tax cost of \$5,000.00 or greater, funded from any source, including land, site improvements, buildings, building renovations, furniture and equipment, vehicles, and major equipment.

Cost: the total costs of acquiring a Capital Asset. This amount will include shipping, installation, duty and net of HST rebate.

Fair Market Value (FMV): the amount for which something can be sold on the open market.

Useful life: the estimate of the period over which a capital asset is expected to be used by the college.

Policy Statements

The College follows standard principles for recording new and existing capital assets, changes in capital assets, and accumulated amortization.

1. Capital Asset Acquisition

The College ensures that all capital asset acquisitions are planned, acquired, and financed appropriately and in a timely manner, in accordance with the College's [Procurement Policy](#) and related procedures.

2. Amortization

The College amortizes capital assets in accordance with Generally Accepted Accounting Principles (GAAP) and PSAS.

3. Amortization Rates

Capital assets are amortized on a straight-line basis using the following class rates:

Asset	Class Rate
Land	N/A
Construction in Progress	N/A
Building	40 years
Building Renovations	40 years
Site Improvements	10 years
Major Equipment	10 years
Furniture and Equipment	5 years

During the first year of purchase, capital assets are prorated monthly for amortization.

4. Recording of Capital Assets

4.1 The College ensures the accurate and timely recording of capital assets in accordance with the College's [Records Retention Policy](#). Assets are to be recorded as follows:

- a. **Land:** defined as the solid part of the earth's surface whether improved or unimproved. This includes all land purchased, leased, donated, or otherwise acquired by the College. Land should be recorded at cost; donated land should be recorded as FMV.
- b. **Site improvements:** defined as excavation, fill, and grading. This includes roads and major road improvements to parking lots and construction of retaining walls.
- c. **Buildings:** defined as roofed structures used for the permanent or temporary shelter of persons, animals, plants or equipment. The value of the building would be the cost of acquiring the building or cost of construction. When buildings are constructed, all direct costs should be included in the value of the building. Direct costs include labor, material, professional fees, insurance, interest and other costs incurred during the period of construction to get the building ready for its intended use.
- d. **Building improvements:** defined as improvements made to the existing buildings. Any renovation or alteration to an existing building that adds useful space to the structure or extends the facility's useful life will be considered a capital asset. Improvements that do not add useful space to the structure or extend the facility's useful life will be considered repairs and maintenance.
- e. **Construction in Progress (CIP):** the cost of the building under construction or other capital projects as at year end, will be capitalized under CIP until such time as the asset is substantially completed and reclassified to building. All capitalized asset under CIP will not be amortized until the capital asset is transferred to building with the full costing.
- f. **Furniture and equipment:** defined as items that can be moved from its location and is not changed materially or expended in use. These assets would have a cost of \$5,000.00, net of HST rebate, or more, new or used and a useful life of five

years or less. Examples of these types of equipment would be office equipment, medical equipment, building and ground equipment, vehicles, trades equipment and lab and research equipment.

g. Major equipment: defined as equipment purchased with a useful life over 10 years, new or used and a cost of over \$25,000.00, net of HST rebate.

h. Procedures: refer to the Financial Reporting and Safekeeping of Capital Assets Procedures.

Responsibilities and Accountability

Senior Team is responsible for:

- Ensuring College compliance with this policy and all applicable laws.
- Prioritizing all requests for new capital assets.

Vice President, Finance, Administration, and Applied Research is responsible for:

- Ensuring the accessibility and communication of this policy and any associated procedures.

Budget Managers are responsible for:

- Ensuring compliance to this policy and related procedure when approving the purchase of capital assets.

Director, Financial Services is responsible for:

- Administrating and maintaining fixed assets in accordance to the GAAP and PSAS.
- Reviewing and posting amortization expenses and revenues.
- Completing timely reconciliation of the fiscal year additions to the general ledger.
- Managing accurate and complete accounting records and maintain records in accordance with the [Record Retention Policy](#).
- Managing asset disposal.
- Advising on the appropriateness of a capital asset for generally accepted accounting purposes.
- Ensuring the appropriate approvals have been obtained.
- Providing education to College employees on matters related to this policy and related procedures.

Procedures/Forms

- [Asset Disposal Requisition Form](#)
- Bill of Sale and Release of Liability Forms
- [Disposal of Surplus Assets Procedures](#)
- Financial Reporting and Safekeeping of Capital Assets Procedures
- Procurement Procedures (Requisition Entry)
- Request for Budget Adjustment

Related Policies

- [Conflict of Interest Policy](#)
- [Approval Authority Schedule Policy](#)
- [Records Retention Policy](#)
- [Procurement Policy](#)
- [Disposal of Surplus Assets Policy](#)

References

- [Public Sector Accounting Standards \(PSAS Section 3150 – Tangible Capital Assets\)](#)
- [Ontario Financial Administration Act, Section 28](#)
- [Ontario Broader Public Sector \(BPS\) Procurement Directive](#)