
Fixed Asset Capitalization and Depreciation Policy

Objective

This policy establishes the standards and thresholds for capitalizing assets and outlines the methods for depreciating fixed assets.

Asset Classification

Capital fixed assets of the CPD are classified into the following categories:

- Land
- Building
- Building Improvements
- Leasehold Improvements
- Furniture & Equipment
- Motor Vehicle
- Computer Equipment
- Computer Software
- Website Development Cost

Capitalization Policy

An asset purchased at a cost greater than \$1000 at the date of acquisition and has an expected useful life of more than one year is to be capitalized.

An asset costing less than \$1000 or that has less than a year's useful life is expensed in the year of purchase. However, in certain situations such as an office remodeling project, multiple items can be grouped together and capitalized even though individually they would not qualify as a capital asset.

Asset Valuation

Fixed assets shall be recorded at historic cost.

The recording of assets such as purchased building and building improvements shall be made on the basis of actual costs, including all ancillary costs such as brokers' commissions, legal fees, taxes, and architects' and engineers' fees for design and supervision.



Amortization

Amortization of fixed assets is recorded over their estimated useful life as follows:

Asset Type	Amortization
Building	2% straight-line
Building Improvements	2% straight-line
Leasehold Improvements	Term of lease, straight-line
Furniture & Equipment	20% declining balance
Motor Vehicle	30% declining balance
Computer Equipment	30% declining balance
Computer Software	50% straight-line
Website Development	20% straight-line

Land is not amortized.

Amendments

October 2014
March 2016
April 2020
November 2023

