

POLICY 2.51: CAPITALIZATION OF ASSETS

Capital assets include property, plant, equipment and infrastructure assets, such as roads and sidewalks. Capital assets are assets with an initial individual cost of \$10,000 or more and an estimated useful life in excess of one year. Such assets are valued at cost.

The costs of normal maintenance and repairs that don't add to the value of the asset or materially extend asset lives aren't capitalized. Gains and losses realized upon retirement or disposition of capital assets are recognized as incurred.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and building improvements	15-50
Telecommunications system	10
Furnishings and general equipment	10
Library collection	10
Computers	5
Vehicles	5

An intangible 'right of-use' subscription asset (Subscription-Based Information Technology Arrangements (SBITA)) with a value that equals or exceeds \$25,000 and has a maximum possible term in excess of one year will be capitalized as follows.

SBITAs are recorded at cost based on the present value of expected payments over the term of the respective subscription plus any payments made to the SBITA vendor before commencement of the subscription term and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

If a SBITA contract contains multiple components, where possible each component will be accounted for as a separate SBITA or non-subscription component, as opposed to a single SBITA.

Subscription payments for short-term and non-capitalized SBITAs will be recognized as outflows of resources.

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