

Capitalization Guidelines

<u>Asset Description</u>	<u>Capitalization Threshold (\$)</u>	<u>Estimated Useful Life (years)</u>
Land	n/a	n/a
Land Improvements (1)	25,000	10
Buildings - bricks, mortar and steel	25,000	40
Buildings - wood frame	25,000	25
School buses	20,000	10
Vehicles (2)	10,000	5
Equipment (3)	10,000	5
Network Infrastructure (4)	25,000	10
Computer Hardware, Servers & Peripherals (5)	5,000	4
Computer Software (6)	10,000	4
Furniture	5,000	10
Leasehold Improvements	25,000	Over term of lease

NB: All amortization is on a straight line basis with no residual value. The Estimated Useful Life above is based on the acquisition of new assets. If used assets are acquired, a reasonable estimate of the remaining useful life must be determined.

- (1)** Includes depreciable improvements to land such as parking lots, bus loops, fences, etc.
- (2)** Includes automobiles, trucks, vans, boats, snowmobiles, motorcycles and ATVs.
- (3)** Includes all types of equipment & machinery used in day-to-day operations. Also includes ATCO trailers and mobile homes.
- (4)** Consists of the costs for fibre optic and wireless networks between sites, including any related development costs and hardware dedicated to data transmission.
- (5)** Purchase and installation of personal computers and LAN servers. These are to be capitalized on a workstation approach (i.e. include all components acquired to create a PC workstation and/or a LAN system).
- (6)** Costs to purchase and/or design, develop, modify and install a software application are included here. Includes all consultant costs, as well as internal labour costs related to employees dedicated to a software or system development project. Also includes LAN or communications software. Annual license fees and costs related to maintaining the software are not capitalized.