
1106.0 PLANT ASSETS: DEFINITIONS

Effective: December 1986
Revised: May 2017
Last Reviewed: May 2017
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To define the parameters for capitalizing assets.

POLICY

PLANT ASSETS:

Capitalized plant assets include Land, Land Improvements, Buildings, Building Improvements, Fixed Equipment, Moveable Equipment, Software, Donated Equipment, other assets, and other expenditures which meet the criteria.

LAND:

The cost to be capitalized as land includes all costs connected with the acquisition of the land. These costs include but are not limited to the cost of the land, appraisals, professional services, title insurance and other miscellaneous fees and costs associated with the acquisition.

LAND IMPROVEMENTS:

Land improvements eligible for capitalization include the cost of landscaping, infrastructures, utility systems and outdoor public recreational fields and facilities in excess of \$100,000.

BUILDINGS:

The cost to be capitalized as a building includes associated costs related to the acquisition or construction of the building. Acquisition costs include but are not limited to the cost of the building, professional services, appraisals, title insurance and other miscellaneous fees and costs associated with the acquisition. Construction cost includes but is not limited to the cost of professional services, test borings, materials, and site preparation.

BUILDING IMPROVEMENTS:

Building improvements to be capitalized are significant alterations or structural changes that cost in excess of \$100,000 or represent more than 20% of the net book value of the building and materially increase or prolong the useful life of the building.

EQUIPMENT:

Equipment to be capitalized refers to an item of non-expendable tangible personal property with a useful life of more than one year, a cost of \$5,000 or more per item, prior to adding freight charges and taxes, and the University has title to the asset. Equipment may be moveable or fixed. In addition, acquisitions of individual items of software with an acquisition cost of \$5,000 or more will be considered a capital asset. Software also includes major systems which are purchased from an outside vendor or internally developed by the University. Refer to 1106.7 Plant Assets – Internal Use Software Costs, for more information on accounting of software purchased or developed for internal use.

“Moveable equipment” refers to equipment which can be easily moved from one area to another.

“Fixed equipment” is equipment which is attached or permanently fastened to a building that cannot be removed without costly or extensive alterations to the building or area to which it is affixed.

EQUIPMENT IN PROCESS (EIP):

Costs incurred for fabricating non-expendable, tangible personal property, that is not available elsewhere, by physically combining or assembling modular components and/or materials into one identifiable unit are considered EIP until the equipment is completed and placed in service. Costs incurred for standard items that are altered or customized to make them usable on a project do not qualify as EIP.

Refer to Policy 1106.6 Plant Assets-Equipment in Process.

EQUIPMENT REPAIRS:

Ordinary repairs and maintenance costs are expensed as incurred.

RARE BOOKS, LIBRARY BOOKS & COLLECTIBLES:

Purchases of library books, rare books, artwork and museum and other collectibles are recorded as expense in the period acquired. Please refer to Policy #2275 for the appropriate management and stewardship of rare books, artwork and museum and other collectible acquisitions.

PLANT AND EQUIPMENT DISPOSAL:

The disposal of plant assets includes the sale, scrapping, demolition or other loss of plant assets. Plant asset disposals do not include plant assets placed temporarily in idle service or the dismantlement of a portion of a unit that does not affect its useful life.