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## 1106.1 PLANT ASSETS – CAPITALIZATION

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

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### PURPOSE

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To provide a capitalization policy for Plant Assets.

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### POLICY

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1. The Office of the Comptroller is responsible for capitalization of all plant assets in accordance with applicable financial accounting pronouncements. The Accounting Operations section of the Comptroller's Office has this primary responsibility.
2. All capitalized plant assets regardless of funding source, will be recorded as Plant, net of depreciation on the Statement of Position.
3. Interest incurred on external debt used to fund plant assets during construction phase will be capitalized in accordance with applicable financial accounting pronouncements.
4. All land improvements, building improvements and equipment repairs not capitalized will be recorded as an operating expense.
5. 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 in excess of \$5,000 per item, prior to adding freight charges and taxes, and the University has title to the asset.
6. Equipment in process shall be capitalized as set forth in Policy Number 1106.6, Equipment in Process.