
1106.01 PLANT ASSETS: DEFINITIONS – LAND & BUILDINGS

Effective: July, 2016
Revised: July, 2016
Last Reviewed: April, 2018
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To define capitalized land/land improvements and buildings/building improvements

POLICY

LAND & LAND IMPROVEMENTS:

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

BUILDINGS & BUILDING IMPROVEMENTS:

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 costs include, but is not limited to, the cost of professional services, test borings, materials, and site preparation.

Building improvements to be capitalized are significant alterations or structural changes that cost in excess of \$100,000 and must meet one or more of the following criteria:

- 1) Project extends the useful life of the building beyond what was originally scheduled
- 2) Project substantially changes the use or purpose of the original space, including gut renovations
- 3) Project expands the total square footage of the building

Infrastructure projects such as steam manhole rebuilds, electrical vaults and lighting upgrades must have an expected life of 20 years or more.