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## 1106.1 PLANT ASSETS – CAPITALIZATION

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Effective: July, 2016  
Revised: July, 2016  
Last Reviewed: June, 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 to which the University retains title, has a useful life of more than one year and has a per item acquisition cost, prior to adding freight charges and taxes, as follows:
  - a) \$100,000 or more when acquired using sponsored program funds, or
  - b) \$5,000 or more when acquired using all other funds
6. Equipment in process shall be capitalized as set forth in Policy Number 1106.6, Equipment in Process.