

Guidance on Capitalizable Construction Projects

Construction projects related to existing assets are considered capitalizable when the project increases the future service potential of the asset or extends the useful life of the existing asset. Below is further guidance on how these criteria might be met. This is intended as guidance only. For specific questions, please contact the Reporting and Fixed Assets department.

FUTURE SERVICE POTENTIAL	
For an asset's future service potential to be considered increased, the increase must be significant, specific, and documentable.	
Examples include:	<ul style="list-style-type: none"> • Projects that increase the square footage of the area being serviced by the asset • The conversion of attics, basements, or shell space to usable office, research or classroom space • Attaching structures to the building such as covered patios, garages, carports, enclosed stairwells • Original installation or upgrade of heating and cooling systems, including ceiling fans and attic vents • Original installation or upgrade of floor, wall, or ceiling coverings such as tiles, paneling, or hardwoods • Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing • Original installation or upgrade of window or door frames, upgrading of windows or doors, built-in closets and cabinets • Interior renovations such as original installation or upgrade of casings, baseboards, light fixtures, ceiling trim • Exterior renovations such as original installation or upgrade of siding, roofing, masonry • Original installation or upgrade of plumbing and electrical wiring • Original installation or upgrade of communication systems including fiber optic cable and wiring that will remain in the building
Examples of projects that do NOT increase the future service potential include:	<ul style="list-style-type: none"> • Adding, removing and/or moving walls relating to renovation projects • Ordinary repairs, such as roofing, plumbing and electrical repairs • Interior decorations (including draperies, blinds, curtain rods or wallpaper) • Maintenance-type interior renovations, such as repainting, touch-up plastering, replacement of carpet, tile or panel sections, sink and fixture refurbishing • Maintenance-type exterior renovation such as repainting, replacement of deteriorated siding, roof, or masonry sections • Replacement of a part or component of a building with a new part of the same type and performance capabilities. Note, however, that if the old part/component of the building had been capitalized and can be identified, that old part/component would be removed from the books and the replacement would be capitalizable even though the service potential has not increased.
USEFUL LIFE	
The useful life of an asset is considered extended when the change to the asset is significant enough to cause the expected useful life to increase beyond the original estimation.	
Examples include:	<ul style="list-style-type: none"> • Projects to restore a building or building component to its original utility level if such projects occur toward the end of the building's estimated useful life. • In addition, some of the examples of projects that increase service potential (above) may also increase the useful life in certain instances. For example, the following projects may increase the useful life of the building or building component (each project should be evaluated on a case by case basis): <ul style="list-style-type: none"> o Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing o Exterior renovations such as original installation or upgrade of siding, roofing, masonry o Original installation or upgrade of plumbing and electrical wiring.
Examples of projects that do NOT increase the useful life of an asset include:	<ul style="list-style-type: none"> • See examples above of projects that do NOT increase the future service potential of an asset

Cost Categories

Note: The purpose of breaking out the building cost into components such as HVAC, Elevators, Plumbing, etc. is to ensure the appropriate application of useful lives to the assets, thus enabling proper recording of the asset and depreciation for Financial Reporting purposes

Type	Examples or Further Clarification
Buildings	
Buildings	Buildings that are not componentized or the shells of buildings that are componentized
Fixed Equipment	Equipment that is wired, plumbed or affixed to the building
HVAC Contracts	
Elevator Contracts	
Plumbing Contracts	
Roofing Contracts	
Electrical Contracts	
Fire Protection Contracts	
Building Renovations, additions, room repurpose	
Handicap Lifts	
Infrastructure	
Other Structures	Recreation Fields, Sidewalks, Constructed/Permanent Signage (e.g. the front entrance), Athletic Track, Tennis Courts, Baseball Stadium, Storage Shed, Stadium seating
Land Improvements	Irrigation, Landscaping, Curbing, Drainage
Fences	
Dams	
Utility	Water system loop, duct banks, telecommunications
Roads	
Parking	Lots, Decks
Exterior Lighting	
Moveable Equipment	
Office/Reception Furniture	Desks, chairs, shelves
Classroom/Library/Lab/Dining Furniture	Desks, chairs, tables
Residential/Dorm Furniture	Desks, chairs, beds, couches
PC/Printers	Personal Computers, Workstations, and Printers
Laptops, Netbooks, Tablets	Laptops, Netbooks, Tablets and other portable computer devices
LAN Equipment	Local Area Network (LAN) equipment is usually limited to a room, building, campus, or specific area
LAN Security Equipment	Security systems, Cages
LAN Wireless Equipment	Routers
Server Equipment	Servers, Racks, Chassis
Mainframe Equipment	Critical applications equipment
WAN DP Equipment	Wide Area Network (WAN) equipment covers a broad area usually linking across metropolitan, regional, or national boundaries
Other DP Equipment	Scanners, or other equipment that cannot be more specifically categorized in DP above list
Video Equipment	Projectors, Video Recorders, Cameras
Voice Communications	Telephones
Other Telecommunications Equip	Satellite Disk Units, Telecommunication Systems
Office Equipment	Copiers, paper shredders, file cabinets
Science Equipment 2-8 yr life	Lasers, Microscopes, Incubators, Scientific Data Projectors
Science Equipment >8 yr life	Spectrum Analyzer, Signal Generators, Oscilloscopes
Engineering/Drafting Equipment 2-8 yr life	Lab Systems, Pelton Turbine, Centrifugal Compress
Engineering/Drafting Equipment >8 yr life	Semiconductor Analyzers, Robots, Analyzer Mainframe System
Musical Equipment	Pianos, Other Musical Instruments, Portable Stage
Audio-Visual Equipment	Projectors, Plasma Displays, Video Transmission Equipment
Educational Equipment	Blackboards, display cases, poster cases
Cust/Security Equipment	Firearms
Athletic Equipment	Score Tables, Fitness Equipment
Ground/Plant Maint Equip	Lawn Mowers, Tractors
Kitchen Equipment	Sinks, Stoves, Fryers, Freezers
Other Equipment	Equipment not specified in ANY of the other account codes listed (use when only remaining option)
Motor Vehicles-Road	Cars, trucks
Motor Vehicles-Aircraft	Airplanes
Motor Vehicle-Boats	Boats, yachts, kayaks
Motor Vehicles-Trailers	Storage Trailers, Classroom Trailers
Motor Vehicles-Utility	GEM carts, other motorcarts
Motor Vehicles-Other	Other motor vehicles that cannot be more specifically categorized from above