

Capitalization of Land Improvements

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About This Policy

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Responsible University Office:

The Office of the Treasurer/Capital Assets

Responsible University Administrator:

Vice President and Chief Financial Officer

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Scope

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Policy Statement

Capital land improvements are those items which have a life of their own exclusive of the land or building(s) should be capitalized in this category. The cost of the project must be greater than \$75,000 for it to be capitalized.

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Reason For Policy

To define expenditures which will be classified as land improvements.

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Procedure

In order for an item to be secured as a land improvement, the correct object code should be utilized on the Purchase Order and disbursement documents.

All capitalized building projects should be processed through a construction account or renewal and replacement account and should not be recorded in an operating account. Any federal funds used should be allocated to the correct disbursement object code.

A list of the current object codes (income and expense classes) is available by contacting your campus Chart Manager (see listing; <http://www.fms.indiana.edu/fia/coaman.asp>) or the Kuali Financial System's Object Code References Tables.

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Definitions

Land Improvements: As defined in GASB 34 Implementation guide are expenditures for improvements to the land, other than buildings or infrastructure, that ready land for its intended use. Examples include site excavations and improvements; removal or reconstruction of others' property; retaining walls; fencing and landscaping.

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History

The source to this policy is:

American Institute of Public Accountants (AICPA) Guidelines for Colleges and Universities, GAAP