

Plant Fund Overview & Purpose:

To properly capitalize the costs associated with a capital asset, it is necessary to maintain accurate records of the cost of each asset. The cost of a capital asset will include capitalized interest and ancillary charges (i.e., freight and transportation charges, site preparation charges, and professional fees) necessary to place the asset into its intended location and condition for use. Expenditures made for equipment, construction or renovation of a building, improvements made to land, or acquisition of land or buildings should be gathered and capitalized according to capitalization thresholds. The University Accounting and Controller department manages this gathering of costs for buildings (including renovations and additions to existing buildings), infrastructure, and land improvements, and maintains the records for construction in progress. Plant Fund (Ledger 7) accounts are established to accumulate and capitalize capital project costs. This provides for consistent and accurate capitalization of all assets held by Oklahoma State University.

Capitalization Thresholds for Capital Projects:

Capital Asset:	Description:	Capitalization Threshold:
Land	A topographically or functionally distinct tract	No threshold on value. All land purchases will be capitalized.
Building	A roofed and walled structure with a life expectancy of at least 15 years	New Purchase: No threshold on value. All purchased buildings will be capitalized. Constructed: \$10,000
Major Renovation (Including Additions to an Existing Building)		Renovation or addition will be capitalized when: (a) the estimated cost of a project is material to the assets, i.e. generally at least 5% of the total cost of the existing asset – AND – (b) the renovation extends the useful life of a building or modifies or upgrades a building.
Infrastructure	Long-lived assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. (Examples – streets and roads, bridges, tunnels, drainage systems, water and sewer systems, network systems)	\$10,000
Land Improvements (Nonstructural Improvements)	Alterations to land, excluding assets classified as buildings. (Examples – surfacing, fencing, lighting and similar improvements to athletics fields, recreational areas, parking lots)	\$10,000

Capitalization Thresholds for Equipment:

Capital Asset:	Description:	Capitalization Threshold:
Fixed Equipment	Equipment that is affixed to a structure	Useful life of 2 years or more with an acquisition cost of at least \$5,000. Note: High risk items and high profile items will be added to the fixed assets inventory.
Movable Equipment	Equipment that is not affixed to a structure so as to discourage movement	

Questions should be directed to University Accounting and Controller, 304 Whitehurst (744-5865) or plantfunds@okstate.edu.