

SECTION TITLE: HIGHWAY OPERATIONS

CHAPTER TITLE: ACCOUNTING FOR BUILDINGS AND GROUNDS

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I. INTRODUCTION

Effective: 7/1/2013

The District Engineer/Manager, Division Director or their designee is responsible for determining the DOH facilities, which are not part of the highway system, that need alterations or repairs. There are two methods for accounting for these expenditures: 1) the annual district blanket maintenance authorizations and 2) more significant projects that should be identified separately using this policy. No buildings or land can be constructed, purchased, or be improved without using a district blanket maintenance authorization or a buildings and grounds authorization.

II. ACCOUNT/AUTHORIZATION STRUCTURE FOR GENERAL OPERATIONS FUNDED BUILDINGS AND GROUNDS AUTHORIZATIONS

**Account 4056, Building repair and alterations:** Expenses to this account should be for buildings repairs and alterations such as remodeling or upgrading an existing structure.

**Account 4057, New Buildings:** Expenses to this account should be for new building construction or the purchase of an existing building and the expenses associated with building or purchasing a structure such as appraisals or inspections of the buildings.

**Account 4066, Land Improvements:** Expenses to this account should be for expenditures to prepare land for its intended use, such as, site excavations and improvements, removal of structures on land purchased by DOH, retaining walls, fencing, landscaping, installation of utilities, and paving roads and parking lots.

**Account 4067, Purchase of non-infrastructure land:** Expenses to this account should be for purchases of new land and the expenses associated with acquiring the land such as appraisals and environmental studies.

TEMPLATE OF AUTHORIZATIONS:

PM---B: Building Maintenance  
PM---N: New Building purchase or construction and associated expenses such as appraisals and environmental studies  
PM---P: Land Improvement  
PM---L: Land Purchase and associated expenses such as appraisals and environmental studies.

**III. BUDGET ALLOCATIONS FOR BUILDING REPAIRS AND MINOR ALTERATIONS**

Maintenance Division is responsible for determining the fiscal year allocations for each District. It is the responsibility of the District Engineer/Manager or designee to determine the use of the funds within the District. If the repair is less than \$1,000, charge the expense to the annual district blanket maintenance authorizations or the organization's overhead.

**IV. BUDGET ALLOCATIONS FOR NEW BUILDINGS, PROPERTY IMPROVEMENT, OR LAND PURCHASE**

All requests for purchases of buildings, building improvements, land, or land improvements not expensed to the district blanket maintenance authorization, will be submitted to Maintenance Division for approval and assignment of a new PM---authorization or approval of a supplement to the district blanket maintenance authorization. The review and approval of the request may be constrained by budgetary appropriations.

**V. OTHER**

It is the responsibility of the District Engineer/Manager or designee to report any purchase, construction, or increase in value of a structure to the Finance and Administration Division, who in turn, notifies the Board of Risk Management, if applicable for insurance purposes.

**VI. INVENTORY**

The Finance and Administration Division is responsible for maintaining a listing of depreciable buildings, land, and land improvements with depreciation schedule for each building and each land improvement. New buildings, renovations, and land improvements greater than \$100,000 will be reconciled from the REMIS Authorization System to this inventory listing. All new land acquisitions will be reconciled from the REMIS Authorization System to the real estate master list kept by Right of Way Division. The sale of land and/or buildings will be tracked by utilizing the current procedures associated with the sale of property and the RR authorizations.

**VII. CAPITALIZATION**

Finance and Administration Division will capitalize all land purchases of any amount and building purchases or building construction of \$100,000 or more. In addition, they will record and capitalize building repairs and land improvements of \$100,000 per project or more. Finance and Administration Division will also identify the original building or piece of land that is subject to renovation or improvement. It is the intent of this policy that projects costing less than \$100,000, other than land purchases, do not need capitalization. Buildings will depreciate over forty years using straight-line depreciation. Land improvements depreciate over twenty years

using straight-line depreciation. The Finance and Administration Division will determine any changes to the useful life of buildings, building renovations, and land improvements.

VIII. ANNUAL PLAN

Annual plan expenses do not include major repairs, improvements, and new constructions. The use of activity 816 with a routine maintenance or an overhead authorization will be restricted to janitorial services, security personnel, grounds maintenance, and minor repairs to existing facilities.