Improvements to Buildings versus Building Maintenance Expense

1. **Improvements to Buildings (Capitalized Expenditures)**

   **NOTE:** For the replacement of part of a building to be capitalized, it must be a part of a major repair or rehabilitation project, which increases the value and/or useful life of the building, such as renovation of a student center. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part such as replacement of an old shingle roof with a new fireproof tile roof. Replacement or restoration to original utility level would not be capitalized. Determinations must be made on a case-by-case basis.

- Conversion of attics, basements, etc. to usable office, research, or classroom space
- Structures **attached** to the building such as covered patios, sunrooms, garages, carports, enclosed stairwells, etc.
- Installation or upgrade of heating and cooling systems, including ceiling fans and attic vents
- Original installation/upgrade of floor, wall or ceiling covering such as carpeting, tiles, paneling, or parquet
- Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing
- Installation or upgrade of window or door frame, upgrading of windows or doors, built-in closet and cabinets
- Interior renovation associated with casings, baseboards, light fixtures, ceiling trim, etc.
- Exterior renovation such as installation or replacement of siding, roofing, masonry, etc. that extends the life of the building
- Installation or upgrade of plumbing and electrical wiring
- Installation or upgrade of phone or closed circuit television systems, networks, fiber optic cable, wiring required in the installation of equipment (that will remain in the building)
- Other costs associated with the above improvements
2. **Building Maintenance Expense**

**Note:** Examples of expenditures not to capitalize as improvements to buildings are listed below. Instead, these items should be recorded as maintenance expense.

- Adding, removing and/or moving of walls relating to renovation projects that are not considered major rehabilitation projects and do not increase the value of the building
- Improvement projects of minimal or no added life expectancy and/or value to the building
- Plumbing or electrical repairs
- Cleaning, pest extermination, or other periodic maintenance
- Interior decoration, such as draperies, blinds, curtain rods, wallpaper
- Maintenance-type interior renovations, such as repainting, touch-up plastering, replacement of carpet, tile or panel sections; sink and fixture refurnishing, etc.
- Maintenance-type exterior renovations, such as repainting; replacement of sections of deteriorated siding, roof, or masonry sections that does not extend the useful life of the building
- Replacement of a part or component of a building with a new part of the same type and performance capabilities, such as replacement of an old boiler with a new one of the same type and performance capabilities
- Any other maintenance-related expenditure which does not increase the value of the building