



County of Riverside
OFFICE OF THE AUDITOR-CONTROLLER
STANDARD PRACTICE MANUAL

		SUBJECT: LAND, INFRASTRUCTURE, AND BUILDINGS
SECTION:	5	CATEGORY: CAPITAL ASSET POLICIES
POLICY NUMBER:	503	
REVISED DATE:	12/1/24	APPROVED BY: <i>Ben J. Brait</i>

PURPOSE: To establish standard guidelines for County departments, agencies, special districts, and authorities to properly account for land, infrastructure, and buildings in accordance with Generally Accepted Accounting Principles (GAAP).

SCOPE: Applies to County departments, agencies, special districts and authorities that are governed by the Riverside County Board of Supervisors.

POLICY: To report land, infrastructure and buildings in compliance with GAAP and Governmental Accounting Standards Board (GASB).

PROCEDURES: This policy includes information on the criteria for land, infrastructure, and buildings to become capitalized and the process and documentation needed to record the asset in the PeopleSoft Asset Management module (AM module).

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LAND

Valuation

1. The valuation of land includes all expenditures relevant to the acquisition and preparation for use of the land, such as:
 - a. Purchase price
 - b. Appraisal and negotiation fees
 - c. Surveying fees
 - d. Condemnation costs
 - e. Clearing the land for use
 - f. Demolishing or removing structures
 - g. Filing costs
 - h. Relocation costs
 - i. Legal and title fees
2. Land donated to the County of Riverside should be recorded at the fair market value as of the date of the donation, see SPM 509 for additional information on donated capital assets.

Recording

1. Acquisitions are to be coordinated through the Facilities Management Real Estate Department.
2. The Assessor's Parcel Number must be documented when recording the land in the AM module.
3. The Assessor's Parcel Number must be updated any time a piece of land is split or assigned a new number. Make sure to contact the Auditor-Controller Office (ACO) before performing this task.

Treatment of Costs Subsequent to Acquisitions

1. *Maintenance costs/expenditures* subsequent to the acquisition of land are not capitalized as they do not add value to the land, nor prolong its life. They include costs that merely keep capital assets in orderly efficient operating condition.
2. Land betterments/improvements refer to SPM 504.

INFRASTRUCTURE

Infrastructure refers to such immovable, long-lived assets such as sidewalks, lighting systems, bridges, roads, tunnels, drainage system, water and sewer systems, dams, basins, traffic signals, communication towers, and flood control channels.

Valuation

1. The cost of infrastructure includes all expenditures relevant to the acquisition and preparation for use of the infrastructure, such as:
 - a. Purchase price or construction costs
 - b. Broker and architect fees
 - c. Permits and licenses
 - d. Insurance during construction
 - e. Accident or injury costs and payment of damages
 - f. Net interest costs during construction
 - g. Appraisal and negotiation fees
 - h. Surveying fees
 - i. Condemnation costs
 - j. Clearing land for use
 - k. Demolishing or removing structures
 - l. Relocation costs

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2. Costs should be **reduced** by:
 - a. Sale of salvage from materials charged against the construction
 - b. Discounts, allowances, and rebates received
 - c. Amounts recovered through surrender of liability and casualty insurance
3. Infrastructure donated to the County will be recorded at the fair market value as of the date of the donation (see SPM 509 for additional information).

Recording

1. Acquisitions are to be recorded in the AM module by the department.

Treatment of Costs Subsequent to Acquisitions

1. *Maintenance costs/expenditures* subsequent to the acquisition of the infrastructure are not capitalized as they do not add value to the infrastructure, nor prolong its life. They include costs that merely keep capital assets in orderly efficient operating condition.
2. Infrastructure betterments/improvements refer to SPM 504.

BUILDING

Valuation

1. Buildings should be accounted for at cost incurred/purchase price. Building costs include:
 - a. Purchase price of building
 - b. Construction costs
 - c. Fixtures costs attached to the building
 - d. Broker and architect fees
 - e. Permits and licenses
 - f. Insurance during construction
 - g. Net Interest costs during construction
 - h. Escrow closing costs
2. Costs should be **reduced** by:
 - a. Sale of salvage from materials charged against the construction
 - b. Discounts, allowances, and rebates received
 - c. Amounts recovered through surrender of liability and casualty insurance
3. Buildings donated to the County will be recorded at the fair market value as of the date of the donation (see SPM 509 for additional information).
4. Buildings acquired under capital lease purchase agreements should be capitalized at either the fair market value (cost before interest) of the building or the present value of the minimum lease payments which are available in the lease agreement. For additional information see SPM 511.

Recording

1. Acquisitions are to be coordinated through the Facilities Management Real Estate Division.

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Treatment of Costs Subsequent to Acquisitions

1. *Maintenance costs* are not capitalized
2. Fixtures and items of equipment which are permanently installed or attached to a structure and are not intended to be removed, and which function as part of the structure, **are not considered** capital asset equipment. These items are added to the overall cost of the structure, and are coded to the appropriate expense account for buildings.
3. Building betterments/improvements refer to SPM 504.

DEPARTMENT ROLES:

- 1) Land, infrastructure, and buildings should be recorded in the AM module immediately once all supporting documentation is available and has been received by the department.
- 2) Complete AM-5 Capital Assets Form - Acquisition, Betterment & Capital Leases Form and submit it to the Auditor-Controller with all supporting documentation, within 15 days after it has been entered in the AM module, **except** at year end it should be submitted within 24 hours.
- 3) During the annual asset certification, all infrastructure and buildings must be certified; land does not need to be certified.

CAPITAL ASSETS: EXPENSE AND ASSET ACCOUNTS

The acquiring department is responsible for assigning the appropriate account number when acquiring land, infrastructure, or a building. Individuals should be certain to use the correct account number in all circumstances. The capital asset and expense accounts tied to land, infrastructure, and building accounts are:

County of Riverside Expenditure Accounts	
New Account	Description
540020	PY-Land
540040	Land
540041	Misc. Land Acq Filing Fees
540060	Improvements-Land
540061	Improvements-Environmentl Liner
	Buildings and Improvements
542000	PY-Buildings
542020	Buildings
542040	Buildings-Capital Projects
542060	Improvements-Building
542080	Improvements-Leasehold Blds
542100	Parks Buildings
542120	Improvements-Infrastructure
	Infrastructure
548100	PY-Infrastructure
548200	Infrastructure

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County of Riverside	
Asset Accounts	
New Account	Description
	Land
190100	Land
190150	Land-Infrastructure
190102	Parking Lots Improvements
190200	Real Property Held In Escrow
190300	Real Property Held For Dev
190400	Leasehold Interest - Land
190500	Intangible Right to Use-Land
	Buildings & systems
191100	Buildings & Improvements
191101	Fixed Equipment
191200	Leasehold Interest-Buildings
191300	Improvements-Landfill Liners
191400	Structures
191500	Gas Systems
191600	Parking Lots Improvements
191700	Intangible Right to Use-Bldg

AUDITOR-CONTROLLER ROLES:

- 1) Review and verify AM-5 Form and transactions recorded in system.
- 2) Process transactions in PeopleSoft Financial System.
- 3) Review and post depreciation through the AM module on a monthly basis.

RECORDS MANAGEMENT ROLES:

Department

Retain all capital asset supporting documentation for at least 7 years as it relates to capital assets information reported on "Schedule Q – Construction in Progress" and any other records that are not submitted to the Auditor-Controller.

Auditor-Controller

The Auditor-Controller is the official Department of Record for all AM Forms and its supporting documentation that are submitted. The documentation is filed in accordance with the County's General Records Retention policy which states to keep the current year plus the 7 past years.

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SECURITY ROLES:

In order to perform the functions discussed above the following roles must be requested:

Department:

Capital Asset Processor – this role will allow you to:

- Add capital asset information
- Update some capital asset information

Auditor Controller:

Asset Reviewer Auditor-Controller Only – this role will allow you to:

- Adjust, re-categorize, transfer, and dispose capital asset information
- Review and process transactions
- Run capital and lease asset reports

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CAPITAL ASSETS FORM

Acquisition, Betterment & Leases

OFFICE OF THE AUDITOR-CONTROLLER

Complete and return to the Auditor-Controller's Office, Mail Stop #1050.

SPM FORM
AM-5
(POLICY #504)

**** Indicates optional field**

ASSET ID:

DEPARTMENT		BUSINESS UNIT		
FUND	DEPT ID	PROGRAM *	CLASS *	PROJ/GRANT *
CATEGORY		ACCOUNT	COST	Notes
Select				
BOOK	FINANCING CODE	LOCATION	Require County issued tag?	
Select			<input type="checkbox"/> Yes <input type="checkbox"/> No	
ACQUISITION DATE		IN SERVICE DATE		
VENDOR CODE:		VENDOR NAME		
MANUFACTURER	SERIAL NUMBER		MODEL	
ASSET DESCRIPTION:				
DEPRECIATION METHOD		USEFUL LIFE (in months)	SALVAGE AMOUNT	
Straight Line				
PURCHASE AUTHORIZATION		VOUCHER		
For Betterments Only:				
BETTERMENT DESCRIPTION				
TOTAL BETTERMENT VALUE				
For Financed Purchases Only:				
LEASE ID#		LIABILITY AMOUNT (PRINT)		
ATTACH THE FOLLOWING AND CHECK THE BOX FOR EACH ATTACHMENT PROVIDED:				
<input type="checkbox"/> P.O.s <input type="checkbox"/> Property schedules <input type="checkbox"/> Amortization schedules <input type="checkbox"/> Financing agreements				

Prepared by:

Phone:

Date:

Dept:

Auditor-Controller's Use

System Updated By:

Initials

Date

June 2024

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