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## COMPTROLLER'S MEMORANDUM

#13-01

April 12, 2013

To: Agency Heads/Fiscal Officers

From: Maria Tavares 

Re: Construction costs for additional related work which extends beyond the time when a Capital Asset is placed into service for purposes of minimum cost eligibility.

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This Comptroller's Memorandum (CM) updates a provision of Directive 10, *Charges to the Capital Projects Fund*, which was issued on May 26, 2011. The subject area affected is in Section 3.2, *Minimum Cost*, and relates specifically to whether the additional costs incurred after a building, structure, facility or other Capital Asset is placed into service may be combined with the cost of the Capital Project for capital eligibility purposes.

The revision is necessary to clarify a cut off date for combining the additional costs with the cost of the Capital Project.

Section 3.2 of the Directive has been changed and is reproduced here in its entirety showing all new language in *italics*. Please keep this CM with your copy of the Directive for future reference.

This CM is effective immediately.

### §3.2 Minimum Cost

The cost of a Capital Project must be \$35,000 or more. The \$35,000 minimum refers to the total cost of the project, excluding the cost of initial outfitting and surface treatments (such as painting and carpeting), if any. If the Capital Project involves improvements to real property and the work within different areas of a building, facility or element of infrastructure is comprehensive, as defined in

section 4.1, the improvements combined must cost at least \$35,000. If the project is not comprehensive, as defined in section 4.1, the improvements to the different areas of the building, facility or element of infrastructure must each meet the \$35,000 minimum cost. If the Capital Project involves equipment, each unit of equipment must have a unit cost of \$35,000, unless the equipment is part of an initial outfitting, as defined in Section 5.0.

*Capital Projects often have construction costs for additional related work which extends beyond the time when the building, facility, structure or other Capital Asset is placed into service. For purposes of minimum cost eligibility, orders for the additional work must be within the scope of the original Capital Project and be made within six months of the date that the building, structure, facility or other Capital Asset is placed into service in order for the additional costs to be combined with the costs of the Capital Project. The cost of orders for additional work made after six months from the date that the building, structure, facility, or other Capital Asset is placed into service must meet the minimum costs as a stand-alone capital improvement in order to be capital eligible.*

*When additional related work must be performed to remediate a decline in the service utility of a building, structure, facility or other Capital Asset, a determination must be made as to whether a write-down is appropriate. Agencies should consult Directive 30, Capital Assets, Section 6.0, Impairment” in making this determination.*