

Would the costs related to Cedar Point's Valravn roller coaster be expensed or capitalized?

Cedar Point is an amusement park in Ohio and has 18 roller coasters. In 2016, Cedar Point added the Valravn roller coaster. Valravn has a height of 223 feet and a top speed of 75 miles per hour. It has a 4-second pause at the top of its first hill and then it plunges down 219 feet in a free fall. The Valravn is officially the tallest, fastest, and longest dive coaster in the world.

More than 20 Ohio companies were involved in the construction of the Valravn coaster. Cedar Point broke ground on the construction of Valravn in September 2015 and the coaster officially opened in May 2016. Design of Valravn started about two years prior to breaking ground. The construction cost of Valravn is estimated to be between \$20 - \$25 million.

To make room for Valravn, Cedar Point had to tear down the Good Time Theatre and the Turnpike Cars attractions. Other rides had to be relocated within the park.

Questions

1. On which financial statement would the estimated cost of construction of Valravn be found? How would this construction cost be classified (i.e., what account)?
2. Would the cost of removing the Good Time Theatre and the Turnpike Cars be expensed or capitalized? Explain.
3. Would the cost paid to the firm that designed Valravn be expensed or capitalized? Why?
4. Would the wages of the employees who perform daily maintenance on Valravn throughout the summer operating season be expensed or capitalized? Explain.
5. Would the cost of annual maintenance performed on Valravn during the winter season when the park is closed be expensed or capitalized? Explain.