

4-OP-D-2-A Construction Accounting Capitalization

Responsible Executive: Finance and Administration

Approving Official: Vice President for Finance and Administration

Effective Date: January 1, 2014

Revision History: August 21, 2017 (formatting only)

~~I. INTRODUCTION~~

~~A. OBJECTIVE~~

- ~~1. To establish accounting guidelines for all University construction, remodeling, and renovation projects that are consistent with generally accepted accounting principles.~~

~~B. DEFINITIONS~~

- ~~1. Fixed Capital Outlay (FCO) — Real property, (land, buildings, fixed equipment, structures, etc.) including additions, replacements, major repairs, and renovations to real property which materially improve or change its functional use.~~
- ~~2. Maintenance and Repair — The upkeep of educational and ancillary plants excluding renovation and including, but not limited to, roof or roofing replacement of membrane or structure; repainting of interior or exterior surfaces; resurfacing of floors; repair or replacement of glass; repairs of hardware, furniture, equipment, electrical fixtures, and plumbing fixtures; and repair or resurfacing of parking lots, roads, and walkways.~~
- ~~3. New Construction — Any construction of a building or unit of a building in which the entire work is new or an entirely new addition connected to an existing building.~~
- ~~4. Remodeling — The changing of existing facilities by rearrangement of spaces and their use and includes, but is not limited to, the conversion of two classrooms to a laboratory or the conversion of a closed plan arrangement to an open plan configuration.~~
- ~~5. Renovation — The rejuvenating or upgrading of existing facilities by installation or replacement of materials and equipment and includes, but is not limited to, interior or exterior reconditioning of facilities and spaces; air conditioning, heating, or ventilating equipment.~~

~~II. POLICY~~

1. ~~Capitalization~~

~~In accordance with statutory provisions and generally accepted accounting principles the University will capitalize and include in its real property records the following:~~

- ~~1. All new construction projects which add square footage to Florida State University facilities.~~
- ~~2. Material remodeling and renovation projects. In general, materiality for remodeling and renovation projects will be defined as those whose total cost is \$100,000 or greater. Total cost will include all professional fees, contingencies, materials, etc. associated with the project but exclude tangible personal property (OCO).~~
- ~~3. The Construction Accounting Department, with the approval of the Associate Controller, may capitalize projects costing under \$100,000 if a determination is made that the completion of the project will substantially extend the useful life or substantially improve the use of the building. Purchases of tangible personal property (OCO) are not included in the evaluation of project costs for capitalization purpose.~~

~~III. LEGAL SUPPORT, JUSTIFICATION AND REVIEW OF THIS POLICY~~

- ~~o Section 216.011(p), Florida Statutes~~
- ~~o Section 1013.01(12), Florida Statutes~~
- ~~o Section 1013.01(14), Florida Statutes~~
- ~~o Section 1013.01(17); Florida Statutes~~
- ~~o Section 1013.01(18); Florida Statutes~~
- ~~o This policy shall be reviewed by the Associate Vice President for Finance & Administration (AVP) every seven years for its effectiveness. The AVP shall make recommendations to the Vice President for Finance and Administration for any modification or elimination.~~