

Construction Accounting Capitalization Policy

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.
 - a. which add square footage to Florida Atlantic University facilities
2. Material remodeling and renovation projects total cost \$100,000 or greater:
 - a. Materiality for remodeling and renovation projects will be defined.
 - b. Total cost will include all professional fees, contingencies, materials, etc. associated with the project.
 - c. Exclude tangible personal property (OCO).
3. Capitalize projects costing under \$100,000:
 - a. 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.
 - b. Exclude tangible personal property (OCO).

DEFINITION

- **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.
 - **Maintenance and Repair Replacement** - 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.
 - **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.
 - **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.
 - **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.
 - **Tangible Personal Property (OCO):** Tangible, movable, personal property of a non-consumable, nonexpendable nature, with a value of \$5,000 or more and which has a normal expected life of one year or more.
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