

Approved:



Department of Transportation

Effective: February 19, 2014
Office: Office of Comptroller,
General Accounting
Topic No. 350-090-315-g

BUILDINGS, LAND AND LAND IMPROVEMENTS

PURPOSE:

To define requirements regarding proper accountability and financial reporting of construction work-in-progress, buildings, building improvements, land, and land improvements acquired or constructed by the Florida Department of Transportation (Department).

AUTHORITY:

Sections 20.23(4)(a) and 334.048(3), Florida Statutes (F.S.)

SCOPE:

The requirements and processes in this procedure affect Fixed Capital Outlay (FCO) Coordinators, Project Managers, District and Central Office Property Delegates and Insurance Coordinators.

REFERENCES:

Section 212.02(19), F.S.

Sections 216.011(p) and (bb), F.S.

Chapter 253, F.S.

Section 255.25, F.S.

Rule 60A-1.017 Florida Administrative Code (F.A.C.)

Tangible Personal Property, Topic No. 350-090-310

Property Insurance Procedure, Topic No. 010-000-020

FLAIR Property Subsystem Manual, Department of Financial Services

<http://www.myfloridacfo.com/aadir/docs/FLAIRpropertymanual.pdf>

DEFINITIONS:

Assignee: The person assigned responsibility for updating the Schedule of Values site each month.

Beneficial Completion Notice: A document that can be issued by the Department of Management Services (DMS) prior to obtaining a Certificate of Occupancy from DMS or other authorized entity. The issuance of this document allows the Department to install property or equipment in the structure prior to final inspection. At the point of beneficial completion, the contractor continues to insure the structure, but property in the structure is not covered by the contractor.

Book Value: The acquisition cost minus the accumulated depreciation, recorded in the Florida Accounting Information Resource (FLAIR) Property Subsystem, for a particular property item.

Building: Permanent building constructed or acquired to house the Department's assets and/or used to facilitate the activities of the Department. Buildings acquired by the Department for uses other than transportation facilities must be handled in accordance with **Section 255.25, F.S.**

Buildings subject to this procedure include administrative offices such as the Burns Building and District offices, as well as rest areas and other buildings such as shops and garages associated with the State Highway System. The Governmental Accounting Standards Board (GASB) Statement 34 allows for inclusion of buildings that are considered “an ancillary part of a network of infrastructure assets” to be included as infrastructure assets. However, the Department has elected to include these as buildings instead of infrastructure assets. See also [Infrastructure Determination – Buildings June 2013](#) on the Financial Reporting and Reconciliation SharePoint site.

Building Addition: Construction of additional square footage to an existing building.

Building Improvement: Modifications to an existing building which increases its value.

Certificate of Occupancy: A certificate issued by DMS or other authorized entity upon the inspection and approval of a completed structure, allowing the structure to be occupied.

CO-FIRMA Administrators: An email distribution list that includes all members of the Office of the Comptroller (OOC), General Accounting Office (GAO), Property and Insurance Section.

Cost: Acquisition or procurement cost (i.e., invoice price plus freight and installation charges less discounts), or cost of construction (i.e., materials, labor, consulting fees, engineering and design as well as overhead).

Cost Center Manager: The person assigned responsibility for the use and control of property for a specific cost center. The Cost Center Manager is responsible for implementing controls for safeguarding property within their control and ensuring an accurate record of property is maintained within the FLAIR Property Subsystem. Although these administrative duties may be assigned to the designated Unit Custodian, final responsibility for property management and control resides with the Cost Center Manager.

Facility: A building or structure.

FCO Coordinator: The individual in a district or office charged with responsibility for the development, management and administration of the FCO Program within that district or office.

FCO Program Manager: The individual charged with the overall development, management and administration of the Department's FCO Program.

Financial Management/Project Cost Management (FM/PCM): The mainframe computer database is used by the Department to report project cost accounting information. This also includes on-line inquiry screens displaying various types and levels of job-related accounting and management information.

FIRM Database: The Facilities Inventory Reporting and Maintenance (FIRM) database is used by the Department to record information about the Department's facilities and non-Department owned facilities that house Department assets.

Fixed Capital Outlay (FCO): *Section 216.011(1)(p), F.S.*, defines FCO as "the appropriation category used to fund real property (land, buildings, including appurtenances, fixtures and fixed equipment, structures, etc.), including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use and including furniture and equipment necessary to furnish and operate a new or improved facility, when appropriated by the Legislature in the fixed capital outlay appropriation category."

FLAIR Property Subsystem: Subsidiary file of FLAIR where detailed accounting information related to property is recorded. All accounting information in the FLAIR Property Subsystem relates directly to the Department's financial statements.

GAO: General Accounting Office

Insurance Coordinator: A delegate of each Property Custodian assigned the responsibility of requesting insurance coverage through the Office of Comptroller,

General Accounting Office for the Department's buildings, structures and tangible personal property.

Land: Real property owned by the Department. Land acquired by the Department for uses other than transportation facilities must be handled in accordance with **Chapter 253, F.S.** Title to all real property except road right of way and borrow pits must be vested in the Internal Improvement Trust Fund. There may be exceptions for land purchases covered by bond covenants.

Land Improvements: Permanent improvements, other than buildings, which add value to land. Examples are fences, retaining walls, sidewalks, pavements, gutters, etc.

OOC: Office of the Comptroller

Operating Capital Outlay (OCO): **Section 216.011(1)(bb), F.S.**, defines OCO as “the appropriation category used to fund equipment, fixtures, and other tangible personal property of a non-consumable and non-expendable nature under **Section 273.025.**”

Property Management Report (PMR): Used to add or update property records in the FLAIR Property Subsystem and to record property transfers between cost centers.
Property Management Report (Form No. 350-010-06)

Property Custodian: Any elected or appointed state officer, board, commission, or authority, and any other person or agency entitled to lawful custody of property owned by the State. Administrative functions related to the tracking of property may be assigned to a Property Delegate. The final responsibility for property management and control is assigned to the designated Cost Center Manager. Within the Department, the following positions have been designated as Property Custodians:

Districts:	District Secretary
Rail Enterprise:	Executive Director
Turnpike Enterprise:	Executive Director
Central Office:	Secretary of Transportation or Assistant Secretaries

Property Delegate: A person under the supervision of the designated Property Custodian delegated responsibility for the administrative functions related to the tracking of property. Responsibilities include entry of FLAIR property data and coordination of property tasks for a specified District, Office, or Turnpike Enterprise.

Schedule of Values site: An intranet site dedicated to providing information on the classification of life-to-date expenditures of included projects.
<http://cosharepoint.dot.state.fl.us/sites/OOC/GAO/PI/Lists/Schedule%20of%20Values/AllItems.aspx>

State Risk Management Trust Fund: Self-insurance fund created by state statute, administered by the Department of Financial Services (DFS), Division of Risk Management, and providing insurance to the Department and other State agencies.

Structure: A temporary structure is defined by DFS as an item requiring a building property number that does not have the same characteristics of a building. Generally, structures do not have heating, air conditioning (A/C), and plumbing, have square footage under 400 square feet and have a limited life expectancy.

Substantial Completion Notice: A document that can be issued by DMS prior to obtaining a Certificate of Occupancy from DMS or other entity. The issuance of this document indicates the facility has been completed by the contractor except for minor repairs. Substantial completion is the point at which the contractor is no longer required to insure the facility.

Tangible Personal Property: As defined by **Section 212.02 (19), F.S.**, personal property which may be seen, weighed, measured, or touched or is in any manner perceptible to the senses, including electric power or energy, boats, motor vehicles, and mobile homes as defined in **Sections 320.01 (1) and (2), F.S.**, aircraft as defined in **Section 330.27, F.S.**, and all other types of vehicles.

Value: The fair market value at the date of acquisition or any subsequent evaluation or appraisal date.

Work In Progress (WIP): A type of property item, recorded in the FLAIR Property Subsystem, to capitalize the cost of a project undertaken but not yet completed, such as a FCO project.

1. IDENTIFICATION OF PROJECTS

Program Managers must notify their FCO Coordinator of any projects through which the Department will acquire or construct buildings, land, or land improvements as they become aware of them.

1.1 SCHEDULE OF VALUES SITE

The FCO Coordinator shall enter the project number (item, segment, phase, and sequence), project scope, and expected project completion date into the Schedule of Value site.

1.1.1 Monthly Updates for Ongoing Projects

On the first business day of each month, the OOC-GAO, Property and Insurance Section will update the project total to reflect the life to date expenditure total shown in the Financial Management System (PC08 screen).

By the 15th of each month, the FCO Coordinator, or assignee if one has been selected, will update the Schedule of Values site to add any new projects and allocate the current project costs to the applicable building(s), land improvement(s), furniture/equipment, and/or non-capitalized expenditures. **See Section 4, Cost Classifications** for information on capital cost versus expense.

By the 20th of each month, the OOC-GAO, Property and Insurance Section will update the costs allocated to buildings and land improvements from the Property Pending File to the applicable WIP item number in the FLAIR Property Subsystem. All costs allocated to furniture/equipment will be updated directly to the property item number. The guidelines established in **Tangible Personal Property (Topic No. 350-090-310)** must be followed for all furniture/equipment.

NOTE: All project costs that relate to acquiring or constructing buildings, land, land improvements, and/or furniture/equipment must be paid with a 5XXXXX object code.

1.1.1.1 Property Item Numbers – Ongoing Projects

A property item number is not assigned to a building or land improvement until it is completed. During this time, the FCO Coordinator, or assignee if one has been selected, will enter a description of the property in the asset field in the Schedule of Values site.

1.1.2 Updating Completed Projects

By the 15th of the month following the completion of the project, the FCO Coordinator, or assignee if one has been selected, will verify that all project costs have been appropriately allocated and that the schedule of values is in balance with the final project total. The FCO Coordinator or assignee will indicate that this has been done by marking the schedule of values as “final” and then send an email to [CO-FIRMAdministrators](#) letting the OOC-GAO Property and Insurance Section know that the final schedule of value has been submitted. At this time, FIRM should be updated for any new buildings or building additions/improvements. **See Section 2, FIRM** for more information on this process.

The OOC-GAO Property and Insurance Section will review the allocation and enter a

transaction 16 (TR16) to move the costs from WIP to the appropriate asset(s). See **Section 3, FLAIR Property Subsystem Updates** for information on the steps involved and the documentation that is required.

1.1.2.1 Property Item Numbers – Final Schedule of Values

Property item numbers must be assigned to all buildings and/or land improvements before the final schedule of values is submitted. When the final schedule is completed, all asset descriptions must be replaced by the assigned property item number.

2. FIRM UPDATES

The FIRM database is used by the Department to record information about the Department's facilities. Each District and Office Insurance Coordinator is responsible for entering the data for their District/Office to ensure the information is accurate.

2.1 NEW PERMANENT BUILDINGS

Within five (5) business days from the receipt of either a Certificate of Occupancy or the Beneficial Completion Notice, the FCO Coordinator will forward the document along with a completed and signed PMR, Insurance Coverage Request form, and photos of the building to the District Insurance Coordinator. The photos must show all exterior sides of the building, including the roof.

Within five (5) business days from receipt of the documentation from the FCO Coordinator, the Insurance Coordinator will enter the building into the FIRM database and upload the documents.

2.2 NEW TEMPORARY STRUCTURES

Within five (5) business days from the completion of a structure, the FCO Coordinator will forward a completed and signed PMR, Insurance Coverage Request form, and photos of the structure to the District Insurance Coordinator. The photos must show all exterior sides of the structure, including the roof.

Within five (5) business days from receipt of the documentation from the FCO Coordinator, the Insurance Coordinator will enter the structure into the FIRM database and upload the documents.

2.3 ADDITIONS & IMPROVEMENTS TO EXISTING FACILITIES

Within five (5) business days from the completion of an addition(s) and/or improvement(s) to an existing facility, the FCO Coordinator will forward a completed and signed PMR and photos of any exterior changes made to the facility to the District Insurance Coordinator.

Within five (5) business days from receipt of the documentation from the FCO Coordinator, the Insurance Coordinator will update the information recorded in the FIRM database and upload the documents.

2.3.1 Substantially Renovated/Remodeled Buildings

Substantially renovated/remodeled buildings will be considered new buildings. In the FLAIR Property Subsystem, the old building number will be entered into a SC=2 (status code) and the new building number referenced in the disposal document field. The remaining book value of the old building will be applied to the new building in addition to the costs incurred during the renovation/remodel. The steps outlined in **Section 2.2, *New Permanent Buildings*** must be followed for renovated/remodeled buildings.

2.4 REPAIRS & MAINTENANCE

A maintenance log should be created in FIRM for all repairs and maintenance activities for a facility. This log provides a central repository for the storage of related documentation and allows for the maximum insurance reimbursement in the case of a loss. See ***Property Insurance (Topic No. 010-000-020)*** for more information on insurance reimbursements.

3. FLAIR PROPERTY SUBSYSTEM UPDATES

3.1 WIP ITEM NUMBER FORMATTING

WIP item numbers will be formatted as “W” followed by the segment number (seventh digit) and the item number (first six digits). For example, financial project 123456-7-52-01 costs would be added to WIP item number W7-123456.

3.2 PROJECT COSTS TO BE ADDED TO WIP

All project costs allocated to a building(s) and/or land improvement(s) will be recorded as WIP until the building and/or land improvement is completed. These costs must be coded with a 5XXXXX object code so that these costs can be updated from the pending

file. This facilitates research on how project costs were allocated and verifies that the allocation was done correctly.

The OOC-GAO, Property and Insurance Section has ultimate responsibility for updating project costs to WIP and transferring costs from WIP to assets recorded in the general fixed asset account. District Property Delegates can update costs from their Property Pending File to a WIP item number that has been set up in the FLAIR Property Subsystem, but the OOC-GAO, Property and Insurance Section must review all updates to ensure they are reconciled with the allocation recorded in the Schedule of Values site. District Property Delegates should not delete costs from their Property Pending File that relate to projects that are being tracked as WIP.

3.3 PROJECT COSTS TO BE ADDED TO PROPERTY

In the case of additions and/or improvements that are being made to an existing building or land improvement, costs will be applied directly from the Property Pending File to the building or land improvement.

When the final schedule of values is submitted, a PMR must be submitted from the cost center assigned responsibility for the building, authorizing the total cost added for the project. If there are costs from more than one financial project number (multiple phases and/or sequences), the costs must be broken down in the Justification field.

3.4 WIP COSTS TO BE MOVED TO PROPERTY

As construction and/or modification of the building(s) or land improvement(s) is completed, the cost center assigned responsibility for the asset must submit a PMR authorizing the cost to be added to the building or land improvement. The WIP item number that the money is being removed from must be listed in the justification field.

4. COST CLASSIFICATIONS

4.1 BUILDINGS

“Before construction or renovation of any state-owned building or state-leased space is commenced, the Department of Management Services shall ascertain, by submission of proposed plans to the Division of State Fire Marshal for review, that the proposed construction or renovation plan complies with the uniform fire safety standards required by the Division of State Fire Marshal.” **Section 255.25(5) F.S.**

“Before construction or substantial improvement of any state-owned building is commenced, the Department of Management Services must ascertain that the

proposed construction or substantial improvement complies with the flood plain management criteria for mitigation of flood hazards, as prescribed in the October 1, 1986, rules and regulations of the Federal Emergency Management Agency, and the department shall monitor the project to assure compliance with the criteria.” **Section 255.25(6) F.S.**

4.1.1 Costs to Include for Buildings

All costs related to the acquisition, or construction of a building, including the purchase price, professional services, appraisals, test borings, site preparation, materials, labor, and overhead should be classified as building costs. See *Section 4.5 Overhead* for more information on how overhead is applied.

All costs associated with alterations, renovations, or structural changes that increase or amend the usefulness of the facility, enhance its efficiency, or prolong its useful life should be classified as building costs. These costs will either be added to the already existing building property number, or if substantial will be added to the new building number, as outlined in **Section 2.3.1, Substantially Renovated/Remodeled Buildings**.

If multiple buildings are acquired through a single project, all costs that are directly related to a specific building should be allocated to that building only. All costs that are split between multiple buildings (and/or land improvements) should be allocated by a percentage method.

4.2 LAND

“Prior to any state agency initiating any land acquisition, except as pertains to the purchase of property for transportation facilities and transportation corridors and property for borrow pits for road building purposes, the agency shall coordinate with the Division of State Lands to determine the availability of existing, suitable state-owned lands in the area and the public purpose for which the acquisition is being proposed. If the state agency determines that no suitable state-owned lands exist, the state agency may proceed to acquire such lands by employing all available statutory authority for acquisition.” **Section 253.025(2) F.S.**

4.2.1 Costs to Include for Land

All costs related to the acquisition of land and the preparation of land for its intended use should be classified as land costs.

The OOC-GAO Property and Insurance Section will apply all phase 43 (Right of Way

[ROW] Purchase) costs to a land item number, formatted “LA” followed by the item number (first six digits) from the financial project number unless specifically requested otherwise by the FCO Coordinator. For example, financial project 123456-7-43-01 costs would be added to land item number LA-123456.

4.3 LAND IMPROVEMENTS

Land improvements add functionality to the land and have a definite life. Land improvements include items such as driveways, sidewalks, parking lots, flagpoles, retaining walls, fencing, outdoor lighting, landscaping, drainage, and irrigation systems.

4.3.1 Costs to Include for Land Improvements

All costs related to the acquisition or construction of the land improvement should be classified as land improvement costs. Separate land improvements at a single location should be separately identified.

4.4 FURNITURE AND EQUIPMENT

“Construction contracts or contracts which include services that provide for a vendor to purchase tangible personal property as defined in **Section 273.02, F.S.**, for subsequent transfer to the State may be entered into by an agency only under the following circumstances:

- (1) When the agency has determined in writing that there is an absolute and demonstrated need to acquire the property through the vendor, as opposed to direct acquisition by the agency;
- (2) The agency has provided a means to identify the specific property, including line-item costs, acquired by the vendor for subsequent transfer to and control by the agency; and
- (3) The agency has, where necessary, specified the quality level of the commodity to be acquired and made provisions for warranty terms, service, and transfer of ownership.”
60A-1.017, F.A.C.

4.4.1 Costs to Include for Furniture and Equipment

All costs related to the purchase, delivery, and installation of furniture and equipment should be classified as furniture and equipment costs.

Furniture and equipment costs must be updated directly to the assigned property item number. See **Tangible Personal Property (Topic No. 350-090-310)** for more information on the process for furniture and equipment items.

4.5 OVERHEAD

All overhead costs will be allocated and applied by the OOC-GAO Property and Insurance Section.

4.5.1 On-going projects

All overhead costs associated with a financial project number that has costs that are allocated to the building(s) and/or land improvement(s) will be added to the applicable WIP item number at year end.

All phase 49 (ROW Indirect Support) costs will be applied to the applicable land item number at year end.

4.5.1 Completed projects

All overhead costs recorded in WIP will be allocated based on the percentage of costs applied to the building(s) and/or land improvement(s). For example: project 123456-7-52-01 has \$100,000 in expenditures: \$50,000 allocated to BL1010, \$20,000 allocated to IM101010, and \$30,000 allocated to expense. Overhead costs recorded to project 123456-7-59-01 will be allocated 62.5% to BL1010 and 37.5% to IM101010.

All phase 49 (ROW Indirect Support) costs will be applied to the applicable land item number.

Generally, no overhead will be applied to furniture and equipment. Exceptions may be made for furniture and equipment that is constructed by the Department.

4.6 EXPENSE – NOT CAPITALIZED

All costs related to repairs, maintenance, preservation, and restoration should not be capitalized. All costs incurred in connection with preliminary planning and testing of site adequacy or the preparation of site modeling should not be capitalized. These costs should be grouped by type and listed in the expense items section of the schedule of values.

5. TRAINING

Training will be provided at the request of each Property Custodian, District FCO Coordinator, Insurance Coordinator, or upon request from any office.

6. FORMS

All referenced forms are the property of the Department of Transportation and may be obtained from the OOC-GAO website at the following URL address:
<http://infonet.dot.state.fl.us/officeofcomptroller/> or from the Department's Forms Library.
<http://infonet.dot.state.fl.us/tlofp/default.asp>

Form No. 350-010-06	Property Management Report
Form No. 010-000-15	State Risk Management Trust Fund Coverage Request