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## 1106.4 PLANT ASSETS – PLANT CONSTRUCTION COSTS

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Effective: December 1986

Revised: May 2017

Last Reviewed: May 2017

Responsible Office: FRES Design and Construction

Approval: FRES Design and Construction

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### PURPOSE

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To properly account for the costs of construction of University plant.

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### POLICY

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1. FRES Design and Construction is responsible for accounting for all costs of construction (new building construction, building and land improvements), in accordance with the applicable financial accounting pronouncements.
2. All gifts received for the purpose of funding plant construction will be recorded in the Capital Gift Funds. Refer to Capital Project Accounting Procedures on recording of gifts and capital funding transfers associated with gifts. '<http://www.finance.upenn.edu/comptroller/accounting/cppd/>'
3. All construction costs will be recorded as Construction-in-Progress in the Capital Construction Fund until the construction is complete and capitalized to the appropriate plant asset account. Refer to Capital Project Accounting Procedures.  
<http://www.finance.upenn.edu/comptroller/accounting/cppd/>
4. At the time a certificate of occupancy is issued on a newly constructed building, construction costs will be capitalized as buildings and fixed equipment and depreciated in accordance with the University depreciation policy 1106.2.