

POLICY 440.01: CONSTRUCTION ACCOUNTING

OBJECTIVE

To maintain the project budgets for the Aviation Authority's Capital Projects. That includes project budget, commitments, actuals and estimates to complete.

To ensure that no construction contracts, professional services agreements, change orders, or field change orders, and other commitments are approved without the approved funding in place.

To account for construction projects in accordance with generally accepted accounting principles and guidelines established by the Aviation Authority Board and Construction Committee.

To establish project accounts, monitor construction revenues from bond issues and grant participation, and monitor construction expenditures.

To prepare periodic financial reports and statistical information for use by management and presentation at the Construction Finance Oversight Committee (CFOC).

METHOD OF OPERATION

PROJECT ACCOUNTS

The Start-up Package is created for any project to be setup within Construction Finance. (See Policy 430.04, Start-Up Packages.) After project sponsor defines the project in the Start-up package, Engineering and Construction approves and forwards to Finance to verify funding. After funding is identified, a Bid Package is established within Construction Finance with the available funding.

The Construction Finance section manages these project budgets compared to expenditures and presents to the CFOC a status of major CIP-related programs on a periodic basis. (See Policy 120.091, Construction Finance Oversight Committee.)

The CFOC will approve the detail budgets and funding allocations as well as authorize subsequent changes to these budgets. The CFOC will authorize the use of other funding sources to be added to the original budget based on funding restrictions. These funding restrictions may require additional Aviation Authority Board or Airline approval.

The Capital Management Committee (CMC) is authorized to oversee the Capital Improvement Programs (CIP) to align the CIP with Aviation

Authority Strategic Plans, Master Plans and Lease and Use Agreements. The CMC also manages the CIP, including defining and managing the scope, schedule, budget and concepts, for projects and purchases in furtherance of the CIP. (See Policy 120.13, Capital Management Committee.)

Note that some changes in budgets may occur without CFOC approval if there is a funding emergency, the nature of the project requires constant funding reallocations, or two projects are tracked separately but fall within the same scope and approval authority. In these cases, the Chairperson of the CFOC and the Chief Executive Officer, may approve additional funding or reallocation of funding within the program which will be reviewed and consensed by the CFOC at the next scheduled meeting as the CIP program reports are discussed.

CONSTRUCTION REVENUES

Construction revenues are generated by several methods. Revenue or Passenger Facility Charge backed bonds may be issued from time to time to fund capital construction projects. A trustee is appointed to administer the disbursement of the funds deposited into the Construction Fund from the bond proceeds.

Grants are received from the Federal Aviation Administration (FAA), Transportation Security Administration (TSA), and the Florida Department of Transportation (FDOT) to support certain capital projects or phases of certain projects. Grants may also be received from other governmental agencies.

Other construction projects are funded though Passenger Facility Charges (PFC), the Improvement and Development Fund, Capital Expenditure Fund, and the Discretionary Fund. If a project is necessary that has not been budgeted, it must be approved by either Senior Staff, the Aviation Authority Board, and airlines, if appropriate, with City Council concurrence.

CONSTRUCTION EXPENDITURES

Invoices are checked for accuracy and matched to the Purchase Order for proper account distribution in the financial accounting system's Accounts Payable module. The Purchase Order lines are allocated to the appropriate funding sources. When the invoices are matched to the Purchase Order lines, the expenses are distributed across the eligible and ineligible fund sources.

Invoices for construction that are covered by a bond issue are recorded on a bank requisition and submitted to the trustee for reimbursement to the Aviation Authority.

Expenditures are submitted to the FAA, TSA, FDOT or other applicable grantor agency for reimbursement of the applicable percent of amounts paid.

Smaller, non-recurring type costs are also charged to construction projects and require the disbursement and approval in compliance with Aviation Authority policy. The department prepares a Payment/Reimbursement Request Form to reflect goods and services received then forwards the form to Construction Finance for payment.

FINANCIAL REPORTING

Construction accounts payable, retainages payable, and grants receivable are summarized and balanced to the general ledger monthly. Project reports are computer-generated and updated as expenditures are recorded. Management reports are also generated monthly.

REFERENCE

Policy 430.04, Start-Up Packages
Policy 120.091, Construction Finance Oversight Committee
Policy 120.13, Capital Management Committee

APPROVAL AND UPDATE HISTORY

FORMAT AND RE-NUMBERING AUTHORITY

Aviation Authority Board: August 28, 1991 (4R)

LAST APPROVAL

Aviation Authority Board: May 16, 2007
Chief Executive Officer: May 29, 2013

SUPERSEDES

All Previous