



**Construction Accounting Capitalization # 1110.035**

<b>INITIAL EFFECTIVE DATE:</b>  July 1, 2019	<b>LAST REVISION DATE:</b>  October 22, 2021	<b>RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT</b>  Office of the Controller
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<b>POLICY STATEMENT</b>
<p>This policy establishes guidelines and procedures, in accordance with state and federal laws, and generally accepted accounting principles. The University will capitalize and include in its real property records the following whose total cost is \$100,000 or greater:</p> <ol style="list-style-type: none"> <li>1. Land purchases, land improvements, leasehold improvements, and all new construction projects which add square footage to Florida International University facilities.</li> <li>2. Material remodeling, renovation, and infrastructure improvement projects, which extend the useful life or capacity of the asset. Total cost will include all professional fees, contingencies, materials, etc. associated with the project but exclude tangible personal property (OCO).</li> </ol>

<b>SCOPE</b>
<p>This policy applies to the Office of the Controller’s Construction in Progress Team’s responsibilities related to the capitalization of University owned land, construction, remodeling, and renovation projects.</p>

<b>REASON FOR POLICY</b>
<p>To establish accounting guidelines for all University owned land, construction, remodeling, and renovation projects that are consistent with generally accepted accounting principles.</p>

<b>DEFINITIONS</b>	
<b>TERM</b>	<b>DEFINITIONS</b>
Fixed Capital Outlay (FCO)	Real property, (land, buildings, land improvements, leasehold improvements, fixed equipment, structures, etc.) including additions, replacements, major repairs, and renovations to real



	property which materially extend the useful life or materially improve or change its functional use.
Maintenance and Repair	The upkeep of educational and ancillary plants excluding renovation and including, but not limited to, roof or roofing replacement (short of complete 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, fire alarms, emergency lighting, electrical systems and complete roofing or roof replacement (including replacement of membrane or structure), and upgrades and replacement of capital infrastructure (including but not limited to roads, water, sewer, gas, steam, chilled water loops and electrical systems).
Tangible Personal Property (OCO)	Tangible, movable, personal property of a non-consumable, non-expendable nature, with a value of \$5,000 or more and which has a normal expected life of one year or more.

**ROLES AND RESPONSIBILITIES**

The Office of the Controller’s Construction in Progress Team works closely with staff in the Office of Facilities Management and Planning to identify and capitalize fixed capital outlay (FCO) for financial statement reporting purposes.

**RELATED RESOURCES**

- [Section 216.011\(p\), Florida Statutes](#)
- [Section 1013.01\(12\)\(14\)\(17\)\(18\), Florida Statutes](#)
- [BOG 14.001\(8\)\(10\)\(14\)\(15\), Florida Board of Governors Regulation](#)
- [FIU Property Control Manual](#)



#### CONTACTS

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#### HISTORY

**Initial Effective Date:** July 1, 2019

**Review Dates** (*review performed, no updates*): January 4, 2024

**Revision Dates** (*updates made to document*): October 22, 2021