



Title: Tangible Personal Property, Property Records, Disposition

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Implementing Procedure For Policy # 8.00

Date Approved: 06/14/06

Division: Administration and Finance

Date Revised: 07/21/08; 3/27/23

OBJECTIVE

The objective of Property Control is to establish and maintain a system of controls to ensure that:

- (1) amounts reported as investment in plant facilities on the financial statements exist; are complete; are owned by the Board; are properly valued; and are fairly presented and adequately disclosed;
- (2) the College's capital assets are adequately safeguarded; and
- (3) the College is in compliance with applicable laws, rules, and Board policies governing fixed assets.

Property Control

The College classifies all non-consumable items of furniture, machinery and equipment (FME) with cost, or fair market value (FMV) at time of donation, between \$1,000 and \$4,999.99 as non-capitalized assets. The College's chart of accounts provides for general ledger codes (706xx) in which to record expenditures meeting these criteria. These assets are not posted to Fund 9 – Investment in Plant Fund, but are expensed each fiscal year. The College capitalizes all non-consumable items of furniture, machinery, and equipment (FME) with a cost, or fair market value (FMV) at time of donation, of \$5,000 or more and a useful life of one year or more. The College's chart of accounts provides for general ledger codes (710xx) in which to record expenditures meeting these criteria. These assets are posted to Fund 9 – Investment in Plant Fund at the end of the fiscal year.

Property Custodians

The Dean or Director of each College division is designated as the primary FME custodian. The primary custodian, in turn, should designate an alternate custodian to act in their behalf. Each property record contains the custodian division that corresponds to the name of the primary custodian designated. The primary custodian should notify the Property Manager of any changes in alternate custodians so the records are updated accordingly.

Tagging/Marking

All FME items meeting the College's property control policy (general ledger codes 710XX for items \$5,000 and over) are tagged. The tags are purchased in bulk by the College and contain the name of the College, a bar code, and a property number (also known as bar code number). Bar codes are controlled, and attached to equipment by the Property Manager.

The Information Technology area is utilized for loading necessary programs prior to distributing computer equipment to forward locations. The Property Manager is notified and the necessary information is provided to Property Control. Information is forwarded to Property Control when equipment is moved to new locations.

Purchased FME

All purchased FME is ordered through the Purchasing Department or individual departments with their p-card. Purchasing issues a purchase order (PO) to the vendor for the item to be approved for purchase. The ordering department and Property Manager each receive a copy of the PO or record of purchase. The ordering department documents receipt of the item. After the item is inspected and found to be in good condition, acceptance of the item is indicated on the on-line receiving report and the original invoice is forwarded to Accounts Payable. The receiving report is also submitted to Accounts Payable in the Business Office where it is matched with the vendor's invoice. Payment for the item is made through the computerized accounts payable system.

Recording of Property

Upon receipt of equipment, the Property Manager:

- matches it with Property Control's copy of the Purchase Order
- physically inspects item to verify consistency with the description contained on the PO and/or supporting documentation
- affixes a CF bar code tag to item and
- enters the information for each item on the FME subsidiary records via an on-line property database

Individual property records should include the following information:

- Identification number (assigned by the institution)
- Description of item(s)
- Physical location
- Name of custodian or identification number with assigned responsibility for the property item
- Name, make or manufacturer, if applicable
- Year and/or model(s), if applicable
- Manufacturer's serial number(s), or vehicle identification number (VIN), if applicable
- Date acquired
- Cost or value at the date of acquisition for the item
- Method of Acquisition. If purchased, the record should include the purchase order number or check number
- Date of last inventory
- Date and method of disposition, as applicable

The Property Manager and the Business Office reconciles the FME balances per the General Ledger to the FME subsidiary records on a monthly basis. Because expenditures of capitalized FME are not posted to Fund 9 - Investment in Plant Fund, until fiscal year-end the general ledger for FME must match the Capitalized equipment subsidiary ledger at year-end.

These reconciliations are reviewed and approved by the AVP Finance. The FME control account in Fund 9 - Investment in Plant Fund is adjusted at fiscal-year end via journal entries prepared by the Business Office and approved by the AVP Finance. These entries represent the expenditures capitalized as FME for the fiscal year (see year-end Reconciliation page 4).

Donations

Donations of fixed assets are initiated by the department receiving the item upon completion of an "Acceptance of Donations" form. The gaining department assigns the fair market value (FMV) of the donated item unless the donor has assigned a "reasonable" value. After the donor information section of the "Acceptance of Donations" form is completed and accepted by the department budget authority, the form is routed in the following sequence:

- To Foundation to review for acceptability as possible state match;
- To Property Manager for capital asset determination and approval;
- To ~~Senior~~ Vice President of Administration and Finance to approve as Board agenda item;
- To District Board of Trustees for authorization to accept the property. (Property Control is notified of the Board action via copies of the Board minutes).

If a donated item is to be capitalized, Property Control assigns a property number, tags the item, and posts the information to the FME subsidiary records. Property Control forwards copies of the documentation to the Business Office to post the donation to the General Ledger control account. Donations are posted to the Investment in Plant Fund General Ledger Control Account (via journal entries with supporting documentation attached) at year end.

Disposals

Disposals of FME occur for a variety of reasons: theft, wearing out and/or obsolescence, trade-in and misplacement. The custodian should complete the "Property Disposition Form" (found on the intranet) to initiate disposal actions. If the property has been stolen, a security incident report is completed and documented.

Property Control enters a code "PBA" (Pending Board Approval) in the disposition field of the property record for those items to be recommended to the Board for disposal.

Monthly, the Property Manager submits a listing of recommended disposals to the ~~Senior~~ Vice President of Administration and Finance for presentation to the Board. If approved for disposal, and has been appropriately disposed, Property Control records the disposition code (manner of disposition), the date of disposition and the identity of the employee(s) witnessing the disposition, if cannibalized, scrapped, or destroyed. The disposition codes are as follows:

- ST=Stolen
- CNL=Lost
- SCR=Scrapped/Cannibalized
- SOL=Surplus-Sold
- DON=Donated
- IVA=Inventory Reconciliation Adjustment
- TI=Traded In
- TR=Transfer to Another Agency

When the disposition field contains one of these codes, the item is automatically removed from the active subsidiary records.

Items to be sold are accumulated at the maintenance department warehouse. Sales of FME are held periodically through an auction company. Items to be scrapped are taken to the landfill, recycled or cannibalized if appropriate. The transfer of surplus items to other government agencies is documented on a "Property Disposition Form."

Documentation of the disposals of Capitalized FME is provided by Property Control to the Business Office who records the disposition in the General Ledger via journal entry. The supporting documentation is attached to the journal entry document.

Surplus

Surplus items of FME belonging to a department that are in good condition and potentially useful to the College at a future date are, upon completion of a Property Disposition Form, transferred to the custodianship of the Property Manager and stored at the Maintenance Department Warehouse.

Physical Inventory

A physical inventory is taken annually —after the first of the calendar year. CF uses a bar-code system to facilitate the inventory process. Property Control staff utilizes a portable electronic storage device to scan all bar code labels. During the inventory process, the information stored is periodically downloaded to the mainframe. Upon completion of the physical inventory (or as needed). Property Control generates a report listing of active items recorded in the Property Master File which were not scanned.

Property Control distributes lists of items not scanned during the physical inventory to the appropriate custodians with instructions for them to follow up. If an item is located, Property Control physically verifies the item. The custodian is required to prepare a "Missing Equipment Report" for each item which cannot be found and submit the completed form to Property Control.

If the item is not found before or during the next two annual inventories, the item is taken to the District Board of Trustees for appropriate action (see Disposals above). Follow-up by the custodians for items not scanned are monitored by Property Control to ensure that all discrepancies are resolved. The Property Manager retains documentation supporting the annual physical inventory and reconciliation to the FME subsidiary records.

Any items inventoried that do not appear on the subsidiary are noted, researched, and added to the property master if appropriate. Property Control submits documentation of the items added to the Business Office. That office then posts the additions to the general ledger via journal entry. Supporting documentation for the journal is filed with the journal record.

Year-End Reconciliations

At fiscal-year end, the Business Office prepares a reconciliation report for Capitalized Assets. This reconciliation begins with the capital asset balances at July 1, adds capital expenditures per the general ledger summary, adds/deducts "reconciling items" (e.g., donations, disposals, found items), most of which have already been posted to the Investment in Plant Fund throughout the year, to derive the June 30 capital asset balances per the subsidiary records. From this reconciliation, the Business Office

prepares the appropriate journal entries to update the general ledger control accounts in the Investment in Plant Fund for financial reporting. Supporting this reconciliation are document references to all journal entries supporting additions and deductions to the Investment in Plant fund for the entire fiscal year. All journals are reviewed and approved by the AVP Finance.

The Business Office utilizes the information on the reconciliation to prepare Financial Statements.

INFORMATION AND COMMUNICATION

The College Property System for FME is automated and stored in a database, Jenzabar Fixed Asset Module. Data is entered on-line by Property Control who has been assigned passwords allowing input capability via personal computer. An individual property record is maintained in this system for all accountable FME. The individual property records can be viewed on-line. Various property reports can be retrieved via Jenzabar Fixed Asset Module, or COGNOS reporting capability. These reports include but are not limited to:

- All Missing Asset List by Campus and Custodian
- Asset List Detail by Custodian, Campus, Bldg. and Room
- Capitalized Property Inventory Assets
- Non-Capitalized Property Inventory Assets
- Minor Property Equipment Inventory Assets
- Asset Disposals Report (Pending Board Approval)
- Asset Disposals Report (By Date and Disposal Code)

Additionally, the College has developed forms to communicate, as well as document, changes in FME. These include the "Property Disposition Form," "Acceptance of Donations Form", and "Missing Equipment Report Form."

Addendum To:

Title: Investment in Plant Facilities – Property Control

Implementing Procedure for Policy #8.00

Division: Administration and Finance

The Governmental Accounting Standards Board (GASB) has issued new accounting pronouncements, which CF (as well as the other 27 Florida Colleges) and all governmental agencies, colleges and universities, must comply with. CF must adopt these new accounting standards to ensure an acceptable audit opinion from the Auditor General. An adverse audit opinion issued by the Auditor General could ultimately affect State and Federal funding.

Because of these new standards, equipment purchases must be recorded into one of three general ledger categories, depending on the dollar amount per property item being acquired.

Property Item: Furniture or equipment of a nonconsumable nature in which the value is \$1,000 or more and the normal expected life of which is 1 year or more. The three equipment general ledger code categories, and the specific general ledger codes associated with each one, are listed below.

1. **70501 / 70506 - Minor Equipment / Minor Computer Equipment**

- Property item less than (<) \$1,000 per item.
- Item is not tagged for inventory purposes, but monitored and recorded.

2. **“7060X” – Non-Depreciated Furniture and Equipment**

- Property item equal to or greater than (>=) \$1,000 and less than (<) \$5,000 per item
- **GL CODES** – subdivided into categories depending on type of equipment
 - 70601 Educational Furniture & Equipment Non Capitalized
 - 70602 Office Furniture & Equipment Non Capitalized
 - 70603 Construction & Maintenance Equipment Non Capitalized
 - 70604 Vehicles Non Capitalized
 - 70605 Athletic Equipment Non Capitalized
 - 70606 Computer Equipment Non Capitalized
- Item is not tagged for inventory purposes, but monitored and recorded.

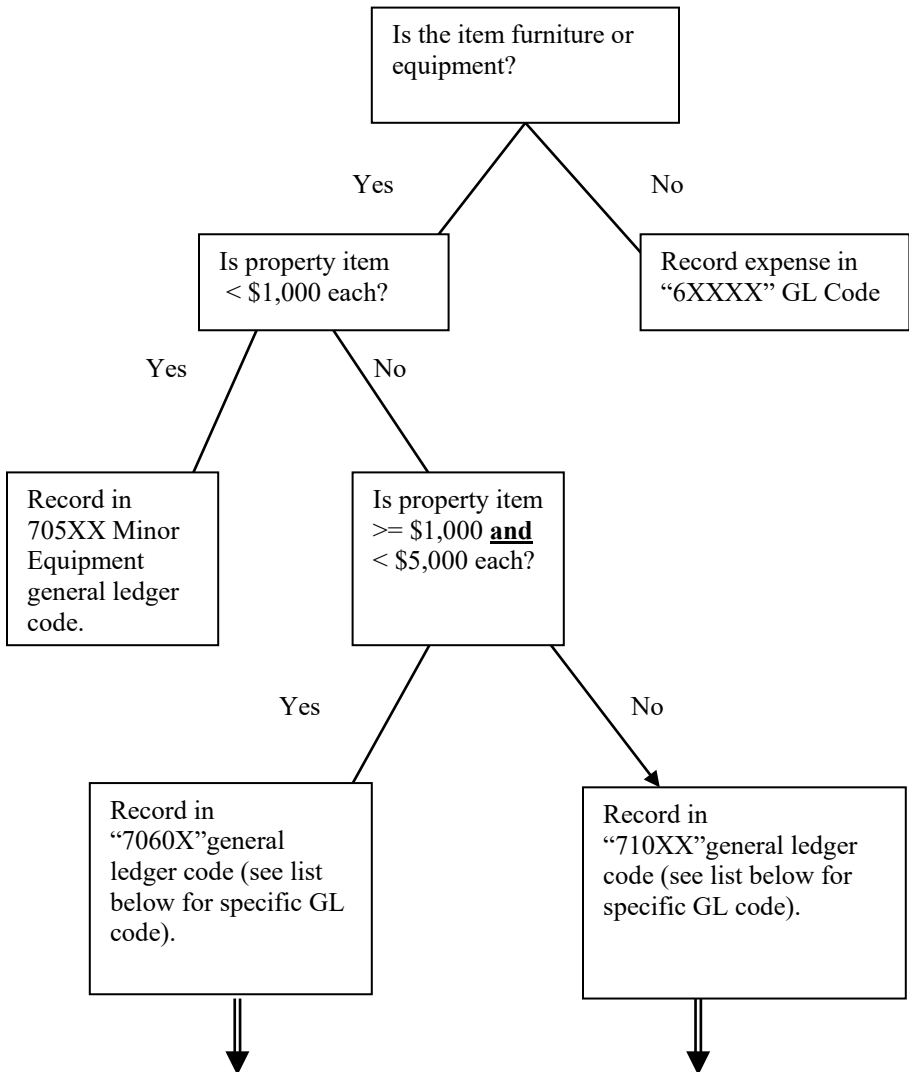
3. **“710XX” - Depreciated Furniture and Equipment**

- Property item equal to or greater than (>=) \$5,000
- **GL CODES** – subdivided into categories depending on type of equipment
 - 71011 Computer Equipment Capitalized (only if functional item => \$5,000)
 - 71021 Vehicles Capitalized
 - 71022 Office Equipment Capitalized
 - 71023 Educational Equipment Capitalized
 - 71024 Athletic Equipment Capitalized
 - 71025 Maintenance Equipment Capitalized
 - 71031 Office Furniture Capitalized
 - 71032 Educational Furniture Capitalized
- Item tagged for inventory purposes
- Item considered a major asset of the College, and has different accounting treatment in accordance with the new GASB pronouncements

The attached flowchart will provide guidance in determining which general ledger code is appropriate for your furniture and equipment purchase.

In using the proper general ledger codes for your furniture and equipment purchases, this will ensure accurate accounting and inventory records.

**College of Central Florida – Property Accounting
FLOWCHART FOR IDENTIFYING CORRECT EQUIPMENT GENERAL LEDGER CODE
(Revised June 30, 2008)**



"7060X" General Ledger Code
(Property item \geq \$1,000 **and** $<$ \$5,000)

- 70601 Educational Furniture & Equip
- 70602 Office Furniture & Equipment
- 70603 Construction/Maintenance Equip
- 70604 Vehicles
- 70605 Athletic Equipment
- 70606 Computer Equipment

"710XX" General Ledger Code
(Property item \geq \$5,000)

- 71011 Computer Equipment
- 71021 Vehicles
- 71022 Office Equipment
- 71023 Educational Equipment
- 71024 Athletic Equipment
- 71025 Maintenance Equipment
- 71031 Office Furniture
- 71032 Educational Furniture

Vice President, Administration and Finance

Date

Approved by President

Date