

PROPERTY ACCOUNTING
POLICIES AND PROCEDURES

THE SCHOOL DISTRICT
of
SANTA ROSA COUNTY

Approved

by

Santa Rosa County School Board

09/25/08

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PREFACE

Property Accounting Procedures were developed for your use to comply with School Board Policy and State Statute in the fulfillment of your responsibility as property custodian.

Specific information is provided to help you perform a physical inventory of the property entrusted to your care. Procedures and forms are also presented for your use.

Information not provided here may be obtained by calling:

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Property Accountant
850-983-5125

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POLICY

Policy is established by State Statute as enacted by the Florida State Legislature amended and effective October 1, 1996, Section 274.01, 274.02, 274.03, 274.04, 274.05, 274.06, 274.07, and 274.08 , Florida Statutes. These statutes dictate the accounting policies and procedures to be followed and used by all personnel and members of The School District of Santa Rosa County as approved by the Santa Rosa County School Board.

TANGIBLE PERSONAL PROPERTY

INTRODUCTION

General Policy

Certain benefits are derived from a property accounting system. A few of these benefits are as follows:

1. Responsibility is fixed and certain.
2. All property acquired is accounted for, i.e., purchase order requisition, internal fund purchases, gifts, donations from organizations such as Band Boosters, Quarterback Clubs, etc.
3. Provides managerial assistance for long range planning and decision making.
4. Provides purchasing information to evaluate product performance, brand comparison, and orderly property replacement.
5. Facilitates the establishment of loss from fire, theft, or vandalism.

Rules for property accounting are established by the Florida State Auditor General Office as prescribed in Florida State Statutes, Chapter 274, "Tangible Personal Property Owned By Local Governments", and are adopted by the SANTA ROSA COUNTY SCHOOL BOARD.

The control threshold amount specified in F.S. 274.02 shall be used to record inventoried tangible personal property.

Property Accounting Rules

Primary Requirements

1. An electronic data processing system will be utilized.
2. Fixed asset records will be maintained for each school campus, administrative area, departmental and special center where qualifying equipment is utilized and housed.
3. School Principals and Departmental managers are the responsible custodians of property charged to and under their area of accountability. An INVENTORY BINDER should be maintained which includes all property control forms for movement of assets.
4. Purchased items will be recorded at actual paid original cost including shipping charges.
5. All qualifying assets will be identified with a numbered bar-code, foil decal, intensive color marker, or some such other medium as needed to specifically show ownership of all

controlled furniture, fixtures, or equipment under control of the custodians of the Santa Rosa County School Board.

6. Marking of property will be done by the personnel of the Property Accounting Department:
 - a. upon receipt in Central Receiving;
 - b. upon availability of accounts payable information on purchases;
 - c. upon discovery of unmarked property during the course of audits and inventories;
 - d. and upon receipt of property acquisition forms which indicate the receipt of gifts/donations or internal purchases.
7. Annual physical inventories will be performed by property accounting personnel to verify the existence of property charged to each custodial area. Property custodians will be requested to verify the inventory findings by signing the inventory form after completion of the inventory.
8. A physical inventory will be performed at each area where there is a change of property custodian, i.e., when a school principal retires and a new principal is appointed, or when a department head—manager changes within an administrative area of responsibility. The incoming administrator will acknowledge acceptance by signing the completed inventory. Property accounting personnel will perform these inventories. The results of the inventories will be reported to the Superintendent and the SANTA ROSA COUNTY SCHOOLBOARD.
9. Established procedures for the control and reconciliation of tangible personal property in The School District of Santa Rosa County and accepted by the SANTA ROSA COUNTY SCHOOL BOARD are presented in this policy and procedure manual.

RECEIPT OF PROPERTY

Acquisition of qualifying assets in The School District of Santa Rosa County will be documented with copies of purchase orders and invoices when items are purchased through the Purchasing Department. The receiving school or department will document ALL qualifying items purchased with internal funds and ALL qualifying items received as gifts/donations by filling out a PROPERTY ACQUISITION FORM.

A purchase order that has been signed as received indicates acceptance of custodial responsibility of all items listed on that purchase order unless otherwise noted.

Upon entry of a purchase order, qualifying assets will automatically be routed to the Central Receiving warehouse to be tagged. The tagged assets are then delivered to each school/department. Assets that are heavy or cumbersome should be shipped directly to the school/department. It is the school/department's responsibility to notify Central Receiving upon receipt.

Property accounting personnel review paid purchase orders monthly and prepare documentation for all qualifying purchases. Fixed asset identification is assigned to each item and the item is recorded in the property accounting records on the computer.

Property accounting personnel as soon as practicably possible will affix fixed asset identification to qualifying property.

FORMS

All forms are available on line. Fill out the form, print a copy, and send to Property Accounting via the courier. All forms must be signed by the property custodian or authorized designee. The property custodian has full responsibility for the assets but may designate persons to assist with this responsibility. A listing of authorized designees is kept on file in the Property Accounting office and is updated the beginning of each new school year. Forms received without an authorized signature will be returned.

Acquisition of Property

The ACQUIRE PROPERTY FORM gives specific instruction in the preparation of this form for the recording of purchases of qualifying fixed assets through internal funds and for the recording of all qualifying fixed assets received as gifts or donations.

For Internal Funds purchases include a copy of:

1. Vendor invoice
2. Check requisition
3. Request for Purchase of Goods or Services

For gift/donation include:

1. Donor information
2. Cost (include vendor invoice) or fair market value (include copy of appraisal from reputable source)

For self-constructed property include a copy of:

1. Purchase orders
2. Vendor invoices

Leased equipment:

Assets should be capitalized if the lease agreement meets any one of the following criteria:

1. The lease transfers ownership of the property to the lessee by the end of the lease term.
2. The lease contains a bargain purchase option.
3. The lease term is equal to 75 percent or more of the estimated economic life of the leased property.
4. The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90 percent of the fair value of the leased asset.

A lease that does not meet any of the above capitalization requirements should be reported separately as an operating lease.

Transfer of Property

Property custodial responsibility is transferred along with permanent physical transfers of equipment from one administrative area to another. This transfer of property custodial guardianship is accomplished by properly recording the transaction on a PROPERTY TRANSFER FORM.

No person should transfer property without the approval of the property custodian (site administrator). Property that is to be transferred should be kept in a secure location and should not be stored outside. A property transfer form must be filled out and signed by the property custodian/designee transferring the item and the property custodian/designee receiving the item. The property custodian/designee receiving the item should forward the completed transfer form to the Property Accounting Department.

Temporary Off-Campus Movement

Movement of property from campus for temporary use of faculty, or for community use, must be recorded on a TEMPOARY LOAN FORM. Removal of property for repair must be recorded on an OUT FOR REPAIR form. All forms for off- campus use of property must be approved and signed by a property custodian or other authorized assistant.

The properly signed forms may be retained by the loaning property custodian until the loaned property is returned; if the property is not borrowed for more than five days or out for repairs for more than 30 days. The TEMPORARY LOAN/OUT FOR REPAIR FORM must be forwarded to the Property Accounting Office if the property is borrowed for more than five (5) days or out for repairs for more than thirty (30) days.

A temporary loan form must be completed before property is removed from the site. Loan forms must be filled out in its entirety and approved by the property custodian or designee. Please note this also requires that the form is signed when the item has been returned.

Loan forms must be kept in a binder along with the master inventory report and other inventory documentation. This should be kept for three years. A loan form must be renewed each fiscal year.

Items frequently removed from campus, such as musical instruments that are assigned to specific students, will use an INSTRUMENT ASSIGNMENT FORM (available through the Property Accounting Office). In such cases, a perpetual inventory record is necessary. The instrument assignment forms are to be maintained by the band director at the school site. The person receiving the loaned property must sign the inventory record. When the property has been returned, it should be inspected and the inventory should be marked to show the date of return. All such inventory records should be reviewed at school year end and all items should be recalled unless otherwise indicated.

Surplus Property

Property that has become worn out, damaged or nonessential at one location may be in demand and needed at another location within the School District; therefore, all such property should be transferred to the Surplus Warehouse where it will be held to be drawn upon by the areas where the need for such equipment exists.

The surplus warehouse personnel upon receipt of a SURPLUS PROPERTY FORM will move property to and from the Surplus Warehouse.

Property acquired under a grant or subgrant shall be disposed of in accordance with Section 80.32 (e)(1)(2), Education Department Grants Administration Regulations (EDGAR).

- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

DELETIONS FROM PROPERTY ACCOUNTING RECORDS

General Policy

The SANTA ROSA COUNTY SCHOOL BOARD must approve the disposal of any and ALL controlled property of The School District of Santa Rosa County prior to its actual disposal in accordance with Florida Statute.

Disposal of Property

No property custodian may dispose of any controlled property without School Board approval. Any and all controlled furniture and equipment that is determined to be excessive, obsolete, or broken beyond repair must be removed and transferred to the Surplus Warehouse by initiating a SURPLUS PROPERTY FORM.

1. Santa Rosa County School Board policy requires that ALL losses (theft/misplacement) or damages to controlled property must be reported to the Risk Management Department on a General Liability Property Damage Form and to the Property Accounting Department using a REMOVE PROPERTY FORM. Adjustments to the property records will be made as needed after completion of the investigation of the loss or damages.
2. Property shortages disclosed during a physical inventory constitute an unreported disappearance. All missing items must be reported on a REMOVE PROPERTY FORM signed by the property custodian.

3. Property may be cannibalized to be used in repairing like property where the useful life of the repaired item may be extended. Cannibalized property must be reported on a REMOVE PROPERTY FORM and sent to Property Accounting.
4. Property may be traded in and used to reduce acquisition costs of replacement property/equipment as provided for in the ADMINISTRATIVE POLICIES RULES AND REGULATIONS of the SCHOOL BOARD of SANTA ROSA COUNTY, FLORIDA 6.10 (14). Notification of property trade-ins must be made on a REMOVE PROPERTY FORM.
5. Property will be inspected by appropriate personnel to determine its condition and to decide the disposition of the property as to whether the item will be repaired, sold, or junked.

Property Losses from Fire, Theft, or Vandalism

The SANTA ROSA COUNTY SCHOOL BOARD requires that all property that has been stolen or destroyed by fire or vandalism must be reported accurately by using a REMOVE PROPERTY FORM and a General Liability Property Damage Claim Form as early as possible after discovery of the theft/vandalism.

A copy of the police report must be attached to the REMOVE PROPERTY FORM in all such theft and vandalism cases. The REMOVE PROPERTY FORM must contain a clear, concise and accurate description of all tangible property missing or damaged as a result of any illegal entry.

The Property Accountant should be called in cases of property losses due to a fire so that an accurate listing of all losses can be made prior to any cleanup activity.

Destroyed, damaged, lost and stolen property will be removed from school/departmental records upon approval of the SANTA ROSA COUNTY SCHOOL BOARD by using REMOVE PROPERTY FORMS properly executed and signed by declaring property custodians.

Recovery of losses should be reported to the Property Accounting Department on a PROPERTY ACQUISITION FORM any time property is returned to a location. Include the following on the form:

1. Cross reference to the General Liability Property Damage Claim Form or Remove Property Form for theft or vandalism.
2. A brief explanation of the reappearance.
3. The status of interim replacements.

Property records will be adjusted based on information found in the recovery report.

Inventory of Property/Shortages

Annual physical inventories are required by State Statute to verify the actual existence and location of the equipment listed at a specific school or office.

Notification by letter will be made to each location prior to the actual taking of the physical inventories. The letter will advise the date that the annual inventory audit is intended to commence and the date that the preliminary inventory report is due back to Property Accounting. The preliminary inventory report will be sent with this notification letter.

Each property custodian should identify a designee at their site to coordinate their preliminary physical inventory audit. Every employee and staff member should be held responsible for the assets under their control.

The property custodian or designee must check-off items listed on the preliminary inventory report as they are located. Cross-off incorrect information and adjacent to the original information write the correct information (model, manufacturer, room number, building number, etc.). After the site's preliminary physical inventory audit has been conducted, the property custodian or designee should consolidate the inventory report to verify that all items have been located. Any items not located must be researched against property control forms as well as any other documentation that may help account for the items. The property custodian should sign and date the preliminary report and return to Property Accounting by the due date listed on the notification letter.

The annual physical inventory audit will be conducted by Property Accounting Personnel. At the conclusion of the audit, an Exit Conference will be scheduled with property custodians that have missing inventory items to discuss audit finding and procedures. A report reflecting a list of all unlocated items will be provided to the school resource officer at the location undergoing the physical inventory to assist in the location of these items.

The site will have thirty days to find the missing items before a Final Report is issued and reported to the appropriate Director/Assistant Superintendent. After the thirty-day period, Property Accounting Personnel will conduct a follow-up conference with the site to determine if missing items have been located and note procedures the site has initiated to improve their internal controls. The property custodian shall prepare and submit a written report and recommendation to the Superintendent if the property is not recovered within thirty (30) days. The Superintendent shall then report to the SANTA ROSA COUNTY SCHOOL BOARD. Such report shall include a recommendation that the property be made inactive and any information applicable to personal liability shall also be reported.

Property Accounting must be notified of any item subsequently located. Verification of located items will be made by Property Accounting Personnel and the inventory records will be adjusted accordingly.

All items not located during a physical inventory will be listed on a REMOVE PROPERTY FORM signed by the property custodian. The items will be designated as "missing" on the

property records.

An annual report listing the missing property shall be submitted by the Property Accounting office to the site's Director, Assistant Superintendent, Superintendent, and local law enforcement agencies at the conclusion of the physical inventories.

CONTROL AND SECURITY PROCEDURES

School Management of Property

Each school Principal and each Administrative area/departmental head in District 57, THE SCHOOL DISTRICT OF SANTA ROSA COUNTY, has been designated as the "custodian" of the property assigned to and located at his/her respective school or administrative area/center. The property custodian, directly or indirectly through persons to whom responsibility has been delegated, is held accountable for all such property.

The custodial responsibility/accountability is accomplished by:

1. The establishment at each location of adequate internal control procedures and continual supervision of the procedures by each property custodian.
2. Verification of the receipt of all property purchased, given, transferred or otherwise assigned and received at the location. A person or persons should be assigned the official responsibility of verifying all receipts at each of the schools and administrative areas of responsibility.
3. Proper recording and reporting of:
 - a. receipt of all items, determination of and recording of where the item will be placed at the location;
 - b. and notification and proper recording of movement outside of the location.
4. Safeguarding by each property custodian of the items of property entrusted to each location to the extent of the reasonable capability and prudence of each custodian.
5. The sharing of all instructions for the proper care and recording of items of property with all persons delegated to assist with the responsibilities accruing to the property custodians.

PROPERTY ACCOUNTING DEPARTMENT SERVICES

Property Custodial Assistance

Supporting services are conducted by the Property Accounting Department to assist THE SCHOOL DISTRICT OF SANTA ROSA COUNTY designated property custodians in their accountability responsibilities.

1. Property Accounting maintains the property records of The School District of Santa Rosa County in accordance with Florida Statutes.
2. These records are periodically tabulated for the information of and use of the property custodians:
 - a. Upon completion of inventory reconciliation.
 - b. Upon the change of any property custodian.
 - c. Upon request.
3. Appropriate forms are developed and provided on line to record all property movements in and out.
4. Property Accounting develops and provides a Property Accounting Policies and Procedures manual to assist the property custodians in the correct and accurate methods of accounting for property items.
5. Special inventory listings are available and provided upon request.

Control Procedures Provided for the Property Custodians

Documents supporting property records and reports and inventory listings provided through the use of electronic data processing are intended to be used by the property custodians as the basis of their control without the necessity of duplicate or supplementary records. The orderly handling and marking of pertinent notations on existing documents and records may maintain accurate control.

Suggestions follow:

1. One person at each location (area of responsibility) should be appointed by the property custodian to act as the clearing agent in all property matters. This appointee should act as the agent of the property custodian in handling all documents and reports pertaining to the control of property and should keep the property custodian informed as appropriate.
2. The appointee should make all pertinent notations and file all documents for the entity in total and make certain that all concerned personnel at the location are informed of the location of inventory under their special control, i.e., teachers, instructors or department heads.
Each of the concerned personnel should be furnished with an inventory listing so that they may keep it up-to-date:
 - a. New items should be added as received.
 - b. Deletions should be noted, i.e., transfers, disposition movements, etc.
4. Temporary off-campus movement should be rigidly controlled. If an item is loaned to another school for an indefinite period, be safe and prepare a transfer. It can always be transferred back. Items sent out for repair should be supported by an OUT FOR

REPAIR form. All movement of property can be recorded on the PROPERTY TRANSFER FORM. This form must be used on all off-campus movements. All property items should be returned at the end of the term for which assigned or at the end of the school year. All property should be identified by description, property control number, and serial number where available.

5. All school board employees should be instructed that absolutely no property may be arbitrarily dismantled, destroyed, or discarded. The disposition of property determined to be useless must be processed on a PROPERTY SURPLUS FORM and sent to Property Accounting.

Security Against Theft

The following suggestions are presented to establish and improve security against theft:

1. All rooms should be locked when not occupied by an employee, especially after regular school hours and between sessions/classes, including areas made available for community school and adult night school.
2. Items of equipment that are more valuable, portable, personally useful, or easily disposed of are more subject to theft and should be more carefully inventoried. To the extent that it is possible, do not leave any items of this nature or likeness unattended or unsecured, particularly near exit doors.
3. When such items are assigned to individuals, a personal commitment, with signature, will usually result in increased attention to safeguards.
4. All temporary loans, repairs, and special permissions should be followed up for return as agreed.
5. A firm policy should be established to determine that no equipment is permitted to be carried off campus by any person without a properly signed PROPERTY FORM. If any property custodian determines a security problem exists at his/her location the authorized removal of equipment may be restricted to only one exit where proper documentation could be checked.
6. Security features should be considered in all planning for new buildings, additions, or alterations to ensure proper control over School Board property and equipment.
7. Property matters should be a faculty agenda item at the beginning of each school year to emphasize the shared custodial responsibility for the care and protection of all school property.
8. Students should not have access to keys at any location.
9. Equipment and property may be branded or engraved when appropriate.

REAL PROPERTY

The acquisition and disposition of real property shall follow the Florida Department of Education's State Board of Education Administrative Rules Section 1.4.

Property Accounting shall periodically inventory documents evidencing property rights. This shall be done upon the receipt of the annual listing from the Florida Public Lands Research Program.

Buildings donated by Booster Clubs, PTO organizations, etc. shall be reported to Property Accounting.

Capitalization thresholds:

Buildings & Building Improvements	\$5,000
IOTB & Site Improvements	\$5,000

DEPRECIATION STANDARDS

The Governmental Accounting Standards Board (GASB) has implemented a new accounting model (GASB 34) effective for periods beginning after June 15, 2001. All state and local governments must now report depreciation in the annual financial statements.

All assets are depreciated on an item by item basis using the straight-line depreciation method. Tangible personal property is depreciated on a monthly basis. Buildings and Improvements Other Than Buildings (IOTB) are depreciated under the modified half-year convention. Assets placed in service during the first half of the year are considered to have been placed in service on the first day of the year and therefore receive a full year's depreciation in the acquisition year. Assets placed in service during the second half of the year are considered to have been placed in service on the first day of the following year. They receive no depreciation in the acquisition year but receive a full year's depreciation in the subsequent year.

Asset Useful Lives

Useful lives were determined from school district historical records and the Florida Department of Education (DOE) suggestions.

<u>Equipment</u>	<u>Useful Life</u>
Audio/visual	7 yrs.
Agricultural	15 yrs.
Art	20 yrs.
Bleachers, portable	10 yrs.
Communications	7 yrs.
Custodial	10 yrs.
Data processing	5 yrs.
(Laptop computers)	3 yrs.
ESE	10 yrs.
Food Service	10 yrs.
Furniture	10 yrs.
Health	10 yrs.
Home Ec.	10 yrs.
Library	10 yrs.
Modules	10 yrs.
Mowers	10 yrs.
Music	10 yrs.
Office	7 yrs.
Print Shop	15 yrs.
Physical Education	10 yrs.
Science	20 yrs.
Tools	15 yrs.
Vehicles	15 yrs.

<u>Improvements Other Than Bldgs</u>	<u>Useful Life</u>
Sidewalks/concrete	40 yrs.
Retaining walls	40 yrs.
Stadiums	30 yrs.
Sewer/storm water systems	25 yrs.
Parking lots/driveways	20 yrs.
Flag pole	20 yrs.
Basketball court	20 yrs.
Light poles	20 yrs.
Fence/handrails/awnings	15 yrs.
Underground storage tanks	15 yrs.
Signs	15 yrs.
Tennis courts	15 yrs.
Fixed playground equipment	10 yrs.
Scoreboards	10 yrs.
Paved track	10 yrs.
Irrigation system	10 yrs.

<u>Buildings and Fixed Equipment</u>	<u>Useful Life</u>
Permanent structure	50 yrs.
Hurricane shutters	25 yrs.
Relocatable buildings	20 yrs.
Modular/fixed furniture	20 yrs.
Sprinkler system	20 yrs.
Electrical system	20 yrs.
Water system	20 yrs.
Drapes, stage curtains	20 yrs.
Pavilion/Gazebo	20 yrs.
Heating, cooling, air circulation	15 yrs.
Burgler/Fire alarm system	15 yrs.
Roof	10 yrs.
Projection screens	10 yrs.
Camera security system	10 yrs.
Phone system	10 yrs.
Computer retrofit	10 yrs.

Residual Values

Historically, the assets in the Santa Rosa County School District have little to no value at the end of their useful lives. Only vehicles tend to have a material residual value. Buses have a residual value of \$1,000, and other vehicles have a residual value of \$500.

Buildings are historically demolished and therefore have no residual value.

REFERENCES

I. Florida Statutes Title XVIII, Chapter 274

This chapter addresses tangible personal property owned by local governments.

Chapter 274.01 Definitions

Chapter 274.02 Record and Inventory of Certain Property

Chapter 274.03 Property Supervision and Control

Chapter 274.04 Property Acquisition

Chapter 274.05 Surplus Property

Chapter 274.06 Alternative Procedure

Chapter 274.07 Authorizing and Recording the Disposal of Property

II. EDGAR 80.32 Education Department General Administrative Regulations

III. GAAP- Generally Accepted Accounting Principles

IV. Rules of the Auditor General

Chapter 10.400 of the Rules of the Auditor General stipulates the procedures for property records. The purpose of these rules is to implement Chapter 274, Florida Statutes. This chapter has been removed and authority assigned to the Chief Financial Officer under the Florida Department of Financial Services. See Chapter 69I-73 Florida Administration Code.

V. Department of Education (DOE) “The Red Book”

VI. The School District of Santa Rosa County Policy Manual