



TANGIBLE PROPERTY POLICIES

**Executive Committee
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TANGIBLE PROPERTY MANAGEMENT

Purpose

It is the policy of the coalition that all tangible property purchased solely with State funds will follow the requirements set forth in Chapter 274, F.S. and Chapter 69I-73, FAC. Tangible property purchased with Federal funds, either partially or fully, will follow the requirements set forth in 45 CFR Part 75, Chapter 274, F.S., and Chapter 69I-73, FAC.

Capitalization Policy

Physical assets acquired with unit costs in excess of \$1,000 are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Contributed Assets

Assets with fair market values in excess of \$1,000 (per unit) that are contributed to the Coalition shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Custodian and Custodian Delegate

The Office Manager will serve as the Coalition's custodian of tangible personal property. The custodian will ensure that all federal and state requirements are met. The custodian will receive, inspect, and properly tag all tangible personal property. The Finance Director will serve as the Coalition's custodian delegate. In the case of the absence of the custodian, the custodian delegate will assume custody of the tangible personal property and all responsibilities. At no time will the custodian delegate perform a physical inventory of the tangible property items for which they are responsible [Rule 69I-73.006(5), FAC].

If there is a change in the Coalition's custodian or custodian delegate, a special physical inventory will be conducted to ensure proper exchange of custodian duties and responsibilities. The custodian must ensure that a complete physical inventory of all property under the control of the custodian or custodian's delegate is taken whenever

there is a change of custodian or custodian's delegate. Inventory staff and custodian will compare the inventory to the property records, and trace and reconcile all discrepancies.

Physical Inventory

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis by the Coalition by September 15 of each fiscal year. This physical inventory shall be reconciled to the Master Property Inventory Form and shall include notations on the form for transfers, lost or stolen, and disposed of inventory.

The Master Property Inventory Form shall include the Following:

1. Identification or tag number
2. Description of item
3. Physical location of item
4. Name of custodian with responsibility of item
5. Name, make or manufacturer if available
6. Year or model if available
7. Manufacturer's serial number or VIN number and title certificate number if the item is an automobile.
8. Date acquired
9. Cost or value at the time of acquisition
10. Method of acquisition and check or voucher number
11. Date the item was last physically inventoried and condition of the item
12. Percentage of Federal participation
13. Source of Equipment and Award number

Receipt of Newly-Purchased Equipment and Furniture

At the time of arrival, all newly-purchased equipment and furniture shall be examined for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately. In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the vendor immediately.

The Office Manager prepares the Property Tag Assignment Form, and assigns the appropriate number of tags, one for each item that has been ordered. The Office Manager will affix all property tags to the property items.

Lost or Stolen Property

After the physical inventory and reconciliation to the Master Property Inventory, any items that are not accounted for will be noted on the reconciliation by the Office Manager. At such time an investigation will be conducted to determine if the item was lost or stolen. Any items not accounted for will be reported to the Office of Early Learning by the Finance Director. If it is determined that an item was stolen, the Office

Manager will file a report with law enforcement. All items that are determined lost or stolen will be noted as such on the Master Property Inventory Form.

Use of Property

The use of the property shall be in compliance of 45 CFR Part75.320(c) to include:

1. Equipment is used by the funding program/project as long as needed.
2. If there is extra capacity available, the equipment shall be used for other partnering programs/projects.
3. If the equipment is used for other programs/projects any related usage fees must be equal those charged by other private companies for the same equipment.
4. If new equipment is needed, current equipment may be sold or used for trade in to offset the new equipment cost. The Coalition will need prior approval from The Office of Early Learning to trade or sell old equipment.

Maintenance of Property

Property that requires such will receive required maintenance to ensure that it remains in proper working order and in good condition. At the time of assessment it is determined that the item is no longer usable or cannot be repaired; the Coalition will start the disposition process as stated below.

Depreciation and Useful Life

All capitalized assets are maintained in the special fixed assets account group and are not to be included as an operating expense. Fixed assets are depreciated over their estimated useful lives using the straight-line method.

Repairs of Fixed Assets

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Dispositions of Fixed Assets

Items will be disposed of in accordance with Chapter 274 F.S. and Chapter 69I-73.005 FAC.

At the time that an item is deemed obsolete, the use is uneconomical or inefficient, or it serves no useful function it can be classified as surplus inventory. This surplus inventory will need to be offered to all other coalitions. If no other coalition would like the surplus items they may be disposed of at that time.

In the event that an item is no longer useful in its original program, it must be used for other federally sponsored programs in the following order:

1. Programs, projects or activities the Health and Human Services (HHS) awarding agency sponsors.
2. Programs, projects or activities other HSS awarding agencies sponsor
3. Programs, projects or activities other federal agencies sponsor

At the time of disposition, the items will be removed from the Master Property Inventory and placed on the Disposed of Inventory List. This list will include the following information:

1. Date of disposition
2. Authority for disposition (Authority for the disposal of property must be recorded in the minutes of the governing board.)
3. Manner of disposition
4. Identity of the employee witnessing the disposition
5. Any related transactions (receipt of sale or trade-in)
6. Method of disposition

In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the Master Property Inventory Form. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss if the money received is less than the book value and a gain if the money received is more than the book value.

All equipment in excess of \$5,000 proposed to be disposed must have prior written approval from The Office of Early Learning prior to disposal.

Transferring Property

To maintain the integrity of the property system, it is essential that transfers of property from one office to another or from one location to another is properly documented and that the property records are subsequently adjusted to reflect these transfers. This ensures

that those relocations or transfers are recorded for accountability and property management purposes. The individual property records for each item lawfully certified as surplus must, upon the custodian's certification, be transferred to a certified surplus property file. Destruction of such records must be governed by the provisions of Chapter 119, F.S.

Retention of Records

Documents relating to the acquisition and disposal of property must be retained throughout the life of the property and for a minimum of five (5) years following final disposition. If any litigation, audit or claim remains unresolved at the expiration date of the aforementioned periods, then such records must be retained until all outstanding issues have been resolved.

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