POLICY: 6Hx28: 5-11

VALENCIA

Responsible Executive: Executive Vice President, Administrative Services

Policy Contact: Chief Financial Officer

Specific Authority: 1001.64, F.S.

Law Implemented: 274.05, 274.06, 1001.64, 1001.63, 1001.28, 1013.28 F.S.; 69I-73.002, F.A.C.

Effective Date: 05-26-2022

Date of Last Policy Review: 02-21-2024

College Property Control

Policy Statement:

I. Valencia College ("College") has a significant investment in property assets, including personal property, real property, and significant software assets, to support its mission. The President or designee shall establish and implement procedures to appropriately acquire, inventory, retain, transfer, trade-in, return, dispose, and otherwise manage College assets in accordance with all applicable federal and state laws, rules, and regulations.

Policy History:

Adopted 12-11-74; Amended 12-15-82; Amended 9-19-90; Amended 11- 18-92; Amended 6-21-05; Amended 6-26-19; Amended 5-26-2022; Formerly 6Hx28:6-15; Formerly 6Hx28:06-27, 6Hx28:04- 36, and 6Hx28:04-37; Formerly 6Hx28:06-26

Related Documents/ Policies:

Accounting Manual for Florida's College System

Fixed Assets Grants Administrative Procedure

Procurement Procedures & Guidelines

Property Control and Accounting Procedure

College Policy 5-09.1 Copyright and Trademark Ownership

College Policy 10-01 Reporting Incidents or Injuries

Procedures:

The following procedures define different types of property and related capital thresholds for accounting purposes, and outline the responsibilities and guidelines related to College assets in accordance with applicable laws, rules, and recognized professional standards, including but not limited to Florida Statute (F.S.), Florida Administrative Code (F.A.C.), and Governmental Accounting Standards Board (GASB):

I. All personal property and software of the College must be acquired in accordance with the College's Procurement Procedures & Guidelines. The cost of such property that is to be paid from restricted funds will need to be referred to the Grants Accounting Office for additional approval, prior to submitting the requisition to the Procurement department.

II. All College employees and College contractors are responsible for properly handling and safe-guarding College property under their supervision and for using College property for official business. College-owned equipment or furniture may not be removed from College property for personal use.

III. Personal Property – Property of the College that is not real property of software

A. Property valued at $5,000 or over is Tangible Personal Property (TPP) – TPP is defined as all fixtures, equipment, furniture, and other tangible personal property of a non-consumable nature with a projected useful service life greater than one year and minimum value or cost of $5,000. (Note: College owned TPP is classified in the Furniture, Machinery and Equipment category for financial statement reporting. Leased TPP is classified as Assets Under Capital Lease for financial statement reporting.)

1. The minimum value of tangible personal property which requires maintenance of an individual property inventory record by the Property Management Office shall be set at the capitalization threshold of $5,000. Exceptions are made only when there is a mandate by an outside funding agency (grant funder) to track an item as an inventory record. No property with a unit of value of less than $5,000 will be

recorded as a capital asset in the financial statements unless it meets the bulk purchase criteria definition as described in section 2 below.

2. Bulk purchases of assets in which the individual equipment unit price is less than the $5,000 TPP threshold will not be capitalized unless considered materially significant. By definition, a bulk purchase of assets under a single purchase order is not considered materially significant if it is less than five (5) percent of the total Invested in Plant Fund Balance and shall not be capitalized on the College's financial statements or tracked and inventoried by Property Management Office.

B. Property valued under $5,000 is Attractive Property and is not tracked or recorded in the Property Management inventory system. The department responsible for the acquisition of Attractive Property should also maintain an inventory system for the appropriate purchase, assignment, management, and/or disposal of such property.

For example, Office of Information Technology (OIT) maintains a separate database for the purchase, assignment, and disposal of computer-related item(s):

1. Purchase(s) – Purchase order is completed and once computer-related item(s) are received by the College, OIT inventories the item(s) in the OIT database along with the appropriate custodian and/or department location.

2. Assignment – The computer-related item(s) are deployed to the appropriate location, properly installed, and old items are collected.

   a. Relocation and/or ownership transfer of computer-related item(s) – Departments shall contact OIT for any computer-related assignment changes due to circumstances such as employee reassignments or separations from employment.

   b. Missing, lost, or stolen computer-related item(s) – Departments shall contact OIT and Safety and Security Services to report and appropriately document any missing, lost, or stolen computer- related items. The OIT database is updated accordingly and OIT will allocate replacement computer-related items to the respective custodian.

3. Disposal – Computer-related items beyond the OIT life cycle may be:

   a. Re-purposed for an academic use within the College (as applicable);

or

b. Sanitized (data erased) by the contracted third-party, who will provide the sanitized certificate to the College. The third-party may either:
   i. Recycle damaged equipment in an environmentally safe manner; or
   ii. Resell undamaged equipment and provide a percentage of the sale(s) back to the College.

C. Property Management (PM) Office is responsible only TPP.

1. The PM Office shall:

   a. Maintain an asset and accumulated depreciation account in the Investment in Plant Fund in the College's accounting records for Tangible Personal Property (TPP) based on the capitalization threshold of $5,000 or bulk purchase materiality criteria;

   b. Conduct an annual inventory of TPP, follow up on discrepancies, reconcile subsidiary property records to the general ledger, and calculate/record depreciation expenses in the accounting records; and

   c. Assign TPP classifications a unique asset and accumulated depreciation general ledger account code to which the subsidiary ledger is reconciled. Depreciation is calculated for TPP classifications on an annual straight-line basis over the estimated useful lives as follows:

      i. Computer Equipment: 3 Years

      ii. Vehicles, Office, and Educational Equipment: 5 Years

      iii. Furniture: 7 Years

      Note: The full amount of the annual depreciation is recorded if the property is received on or before June 30 (i.e., no proration of depreciation expense). Leased TPP is depreciated over the estimated useful life of the asset or lease term, whichever is shorter.

2. Inventory Record –The PM Office will tag each item of TPP property in the manner determined appropriate by the College. At a minimum, property inventory records will contain:
   a. Tag number (assigned by College)
   b. Description of item

c. Name of custodian
d. Serial number or Other Identification Number
e. Source of funding
f. Financial Document Number (Purchase Order or other number that can be traced to expenditure)
g. Federal Award Identification Number (as applicable)
h. Acquisition date
i. Cost of property*
j. Amount paid by federal award (as applicable)*
k. Location
l. Condition of property
m. Date of disposal (as applicable)

Other data may be included in the property inventory record if deemed necessary by PM. Each TPP item that is included as part of the annual inventory shall be considered, at a minimum, to be in satisfactory condition.

Note: Unless PM records indicate otherwise, the College holds the title to any TPP purchased with Federal grant funds. *The percentage of Federal participation may be calculated by dividing Amount Paid by Federal Award by Cost of Property. For additional information on compliance with Federal Grants as it relates to TPP, refer to Office of Budget Management (OMB) Uniform Guidance 2 CFR 200.313(d)(1) Property Standards.

D. Relocation and/or Ownership Transfer of TPP – TPP may be moved from its assigned location with (1) prior approval of the campus provost, administrator, or designee; and (2) acknowledgement from the PM Office. If TPP is to be relocated from one campus to a different campus or facility location, additional written approval from the Chief Financial Officer (CFO), or designee must be obtained. (Note: Any grant funded TPP must be approved by the Grants Accounting Office before the TPP is relocated and/or ownership transferred.)

1. To relocate and/or transfer ownership of TPP: The requestor will complete the Property Control Form (PCF) document all details of the TPP relocation, including required approvals, new location, and new custodian.

2. The requestor will send the completed PCF to the PM Office at PropertyManagement@valenciacollege.edu.

3. The PM Office will review the PCF to ensure accuracy and completeness. The PM Office will follow up with the requestor on any missing information or for further clarification.

4. The PM Office will follow up with the requestor to confirm the acknowledgement of the PCF review and notify the requestor of the approval to proceed with relocation of the TPP. (Note: It is the responsibility of the requestor to coordinate the physical relocation of the TPP).

E. Relocation and/or Ownership Transfer of TPP

1. Employees and contractors must immediately report missing, lost, or stolen TPP to their supervisor or College liaison and a representative of Valencia College Safety and Security Services for completion of a "Security Incident Report". Missing, lost, or stolen TPP shall be managed and may require further investigation and action based on the severity of circumstances by the appropriate authority(ies) on the matter (e.g., Safety and Security, law enforcement, Organizational Development and Human Resources, OIT, etc.). For more information on reporting incidents, see College Policy 10- 01 Reporting Incidents or Injuries.

2. The Safety and Security Services Office will timely report missing, lost, or stolen TPP to the CFO and the PM Office, but no later than ten (10) business days from the time the incident was first reported.

3. TPP custodians shall submit a PCF to the PM Office, with proper approvals on missing, lost, or stolen TPP that is not recovered so that the item may be removed from the active Property records.

F. Personal TPP – Individuals must file a PCF with the PM Office on personal TPP which will be used or installed at the College.

G. Disposition of TPP

1. A campus provost, administrator, or designee may, at their discretion, identify surplus property, which is any TPP deemed to be obsolete, or its continued use is uneconomical, inefficient, and/or no longer serves as a useful function to the College in accordance with Florida Statute 274.05.

2. Surplus Property may be disposed of in the most efficient and cost-

effective means, as determined by the CFO or designee, in accordance with Florida Statute 274.06. Departments are prohibited from disposing, gifting, selling, trading, or otherwise donating surplus property directly or indirectly to employees. Alternative disposition methods are as follows:

a. Sale to the highest responsible bidder. (Note: A College employee is not permitted to purchase surplus property, even when deemed the highest bidder. In these cases, the second highest bidder will be offered purchase of property.);

b. Destroy or dismantle for salvageable parts if deemed to have no commercial value; or

c. Trade-in with prior approval from the CFO, or designee, which may be used as partial payment to acquire similar property that is technology advanced or more efficient. (Note: Disposal of TPP purchased with grant funds will be in accordance with the funding agency's guidelines pertaining to the particular grant under which the item was purchased.)

IV. Real Property

A. Real property (RP) is defined as fixed property, principally land, buildings, and any permanent structural improvement to property that is not strictly for decorating purposes, owned or leased by the College.

B. Grants Accounting Office Responsibilities – The Grants Accounting Office is responsible for:

1. Financial oversight of RP and accumulated depreciation, as applicable, in the Investment in Plant Fund within the College accounting records for non-depreciable and depreciable categories of RP; and

2. Identifying total capital project costs, maintaining RP subsidiary ledgers, reconciling subsidiary ledgers to the general ledger accounts, and calculating/recording depreciation expenses in the accounting records.

C. Non-Depreciable Real Property – Property that has an unlimited useful life, and as a result, the depreciation expense or accumulated depreciation is not recorded in the accounting records.

1. Land (Capitalization threshold of $100, regardless if RP is leased or owned) – Land acquisition should ensure that in addition to purchase price, all related costs, including but not limited to survey, appraisal, and legal

expenses be capitalized.

   a. Land donated to the College should be recorded at the fair market value (FMV) based on appraisals from at least two qualified real estate appraisers when the estimated value exceeds $500,000. If the estimated value is $500,000 or less, only one appraisal is required. The FMV to be recorded in the accounting records is deemed to be the average of all appraisals secured for that property.

   b. The land RP record consists of appraisal(s), closing cost documents, and any other documentation deemed necessary to substantiate the amount recorded in the subsidiary ledger. The Grants Accounting Office will partner with the CFO to ensure that all necessary documents are secured to properly record land value.

2. Construction in Progress (Variable capitalization threshold, regardless if RP is leased or owned)

   a. Construction projects that are expected to exceed defined capitalization threshold herein for the applicable RP category are temporarily recorded in Construction in Progress until the project is deemed substantially complete by the Chief Operations Officer (COO), or designee. This is a temporary holding account since the RP will ultimately be depreciated once the construction project is complete and transferred to the appropriate RP category in the general ledger (i.e., buildings) and depreciated.

   b. A construction in progress project may not be completed for various reasons, or once completed may not meet the capitalization threshold. In these instances, the construction in progress RP account is reversed (credit) and prior period adjustment (debit) is recorded for project to date accumulated costs in the Investment in Plant Fund.

D. Depreciable Real Property

1. The Grants Accounting Office will maintain a project ledger for any depreciable RP expected to meet the underlying RP's capitalization threshold upon completion. A unique grant code is assigned to each project in order to accurately capture costs. If a building project has multiple funding sources, the grant code will be assigned to each fund to track costs by source (fund) and project (grant code).

2. Depreciable RP have a limited useful life, and as a result, the depreciation expense and accumulated depreciation are recorded over the RP's economic life (defined as the useful life of RP or lease term, whichever is shorter) in the accounting records. The estimated useful life for depreciable RP is as

follows:

a. Buildings: 40 Years

b. Other Structures and Improvements (OSI): 10 Years

c. Leasehold Improvements: Variable, dependent on terms of capital lease and RP, whichever is shorter, but in no case should exceed the useful life of the underlying RP

d. Subscription Based Software Licenses: Variable, non-cancelable subscription term plus extension option to reasonably certain to be exercised

3. Depreciation is recorded on a straight-line basis over the estimated RP's useful life. If term of lease commences or the RP construction project is substantially complete on or before June 30, a full year of annual depreciation is recorded (i.e., depreciation is not prorated over the fiscal year). The COO will determine when a capital construction project is substantively complete.

4. RP is considered fully depreciated when the RP value and accumulated depreciation are equal. A fully depreciated RP is removed from the subsidiary ledger, and the corresponding RP and accumulated depreciation value (which net to $0) are removed in the fiscal year after the RP has no residual value.

5. Leased RP may not be fully depreciated before the capital lease is paid in full depending on the terms of the lease agreement; therefore, it is possible to have differing number of years used for depreciation and amortization. For example, the capital lease on a building may be payable over 30 years, at which time the title transfers to the College; therefore, the building would be depreciated over 40 years (useful life) and capital lease payable would be amortized over 30 years ("loan" period).

6. Real Property Categories

   a. Buildings (Capitalization threshold of $1,000,000, regardless if RP is leased or owned)

      i. Buildings owned by the College are classified in the Buildings category for financial statement reporting. Leased buildings are classified as Assets under Capital Lease for financial statement reporting.
      ii. Accumulated costs for a building construction project that is not substantially complete by the end of any given fiscal year

is reported in Construction in Progress on the financial report.

b. OSI (Capitalization threshold of $100,000, regardless if RP is leased or owned)

i. OSI are projects designed to enhance the fundamental purpose of existing buildings or land. OSI includes portables, greenhouses, parking lots, lighting, roundabouts, and any other project that adds value in which the primary purpose is not aesthetic in nature.

ii. OSI owned by the College are classified in the Other Structures and Improvements category for financial statement reporting. Leased Structures and Improvements (S&I) are classified as Assets under Capital Lease for financial statement reporting. If an S&I project is not completed by end of any given fiscal year, accumulated costs are reported in Construction in Progress on the financial report.

c. Leasehold Improvements (Variable capitalization threshold)

i. Lease improvement costs should be capitalized only if adding structural design value to the underlying leased capital RP, most often a leased building. Expenses incurred that are decorative in nature, normally considered a consumable product, or that belong in another RP category (i.e., furniture or equipment) should not be included in the leasehold RP calculation, but should be recorded as part of the project.

ii. Leasehold Improvements are classified in the Leasehold Improvements category for financial statement reporting. Leased buildings (or the underlying RP) are classified as Assets under Capital Lease for financial statement reporting. If Leasehold Improvements are not completed by end of any given fiscal year, accumulated costs are reported in Construction in Progress on the financial report.

V. Subscription Based Information Technology Arrangements (Capitalization threshold of $4,000,000) – In accordance with GASB Statement No. 96, a Subscription Based Information Technology Arrangement (SBITA) is a significant IT contract that is material to the College's operations in terms of scope and cost.

A. Capitalized costs should include (1) the initial subscription amount, (2) payments made to vendor before start of commencement term, and (3) ancillary charges necessary to place the subscription asset into service (excludes training costs), less any vendor incentives received.

B. SBITA are classified as Intangible Assets for financial statement reporting. If an SBITA is not placed in service by the end of any given fiscal year, accumulated costs are reported in Construction in Progress on the financial report.

Procedure History: Adopted 6-21-05; Amended 6-26-19; Amended 5-26-22; Amended 2-21-2024; Formerly 6Hx28: 06-26

Date of Last Procedure Review: 02-21-2024