

# AGENDA

RULE HEARING RELATING TO  
PROPOSED RULE CHAPTER 69I-72, F.A.C.  
**“State-owned Tangible Personal Property”**

STATE OF FLORIDA, DEPARTMENT OF FINANCIAL SERVICES

Tuesday, February 18, 2020

10:00 A.M.

Larson Building, 200 E. Gaines Street, Room 142, Tallahassee, Florida 32399

\*\*\* THIS PROCEEDING IS OPEN TO THE PUBLIC \*\*\*

(Hearing will only be held if requested in writing by February 14, 2020.)

1. Call to order.
2. Opening remarks by the Presiding Officer.
3. Presentations by any affected persons, or evidence and argument on all issues under consideration relating to the proposed adoption of Rule Chapter 69I-72, F.A.C., appropriate to inform the Department of Financial Services of their contentions pursuant to the provisions of section 120.54(3)(c)l., F.S., regarding hearings.
4. Concluding remarks by the Presiding Officer.
5. Adjournment.

## Notice of Proposed Rule

### DEPARTMENT OF FINANCIAL SERVICES

#### Division of Accounting and Auditing

#### RULE NOS.:RULE TITLES:

69I-72.001 Definitions

69I-72.002 Threshold for Recording Tangible Personal Property for Inventory Purposes

69I-72.003 Recording of Property

69I-72.007 Capitalization of Property

**PURPOSE AND EFFECT:** The purpose and effect of this rulemaking is to update certain definitions to agree with generally accepted accounting principles, to increase the current thresholds for recording tangible personal property inventory, to add the term “attractive items” and its definition, and to make other necessary updates to the rules.

**SUMMARY:** The rule amendments update definitions, add the term “attractive items” and its definition, and increase the thresholds for recording tangible personal property inventory.

#### SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the Agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: The Department’s preliminary economic analysis indicated the proposed rules will not result in an adverse impact or regulatory costs in excess of \$1 million within five years.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

**RULEMAKING AUTHORITY:** 273.02, 273.025, 273.055 FS.

**LAW IMPLEMENTED:** 273.01, 273.02, 273.025, 273.03, 273.04, 273.05, 273.055 FS.

**IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW (IF NOT REQUESTED, THIS HEARING WILL NOT BE HELD):**

**DATE AND TIME:** Tuesday, February 18, 2020, 10:00 a.m.

**PLACE:** Larson Building, Room 142, 200 East Gaines Street, Tallahassee, Florida 32399

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 5 days before the workshop/meeting by contacting: Ryan Nolan, Division of Accounting and Auditing, Department of Financial Services, at (850)413-3071, 200 East Gaines Street, Tallahassee, Florida 32399-0318, (850)413-3071, ryan.nolan@myfloridacfo.com.. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

**THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:** Ryan Nolan (contact information above)

**THE FULL TEXT OF THE PROPOSED RULE IS:**

69I-72.001 Definitions.

The following terms, as used in Rule Chapter 69I-72, F.A.C., are defined as set forth below:

(1) “Attractive Items” means tangible personal property used in operations that has a cost less than an established capitalization threshold and that requires special attention to ensure legal compliance, protect public safety, and avoid potential liability, or to compensate for a heightened risk of theft.

(1) ~~“Capital Asset” means real or personal property that has a cost equal to or greater than an established capitalization threshold and has a useful life extending beyond one year. Capital assets are reported in the statement of net assets in financial reporting.~~

(2) ~~“Class Code” means a classification number used to commonly identify similar items of property that which~~

is established by the State's Chief Financial Officer in the State's financial system.

(3) "Control Accounts" means summary accounts designed to control accountability for individual property records. Unlike individual property records ~~that which~~ establish accountability for particular items of property, control accounts accumulate the total cost or value of the custodian's property and through entries to the control accounts documenting acquisitions, transfers, and dispositions, provide evidence of the change in that total cost or value over periods of time as well as the total cost or value at any point in time.

(4) "Cost" means ~~the amount paid to acquire or procure property acquisition or procurement cost~~ (i.e., invoice price plus freight and installation charges less discounts). In determining cost, the value of property exchanged by a custodian in satisfaction of a portion of the purchase price of new property shall not be deducted from the full purchase price regardless of any property "traded in" on the new property.

(5) "Custodian" ~~has the meaning set forth in section 273.01(1), F.S. means, without limitation, any elected or appointed State officer, board, commission or authority, or any other entity or agency entitled to lawful custody of property owned by the State.~~

(6) No change.

(7) "~~Depreciated Cost~~" means ~~acquisition cost less accumulated depreciation.~~

(8) through (10) renumbered (7) through (9). No change.

~~(10)(11)~~ "Identification Number" means a unique number assigned and affixed to each item of property to identify it as property held by the custodian and to differentiate ~~for the purpose of differentiating~~ one item of property from another.

~~(11)(12)~~ "Property" has the meaning set forth in section 273.02, F.S. Data processing software, as defined in section 119.011(6), F.S., is not considered to be property within the meaning of this rule chapter.

~~(12)(13)~~ "Unaccounted for Property" means property held by a custodian subject to the accountability provisions of section 273.03, F.S., that rule 69I-72.002, F.A.C., which cannot be physically located by the custodian or custodian's delegate and which property has not been otherwise lawfully disposed of.

~~(13)(14)~~ "Value" means the worth or acquisition fair market value at the date of acquisition for donated property.

*Rulemaking Authority 273.02, 273.025 FS. Law Implemented 273.01, 273.02, 273.025, 273.03, 273.04, 273.05, ~~273.055~~ FS. History–New 1-13-08, Amended \_\_\_\_.*

PROPOSED EFFECTIVE DATE: July 1, 2020

#### 69I-72.002 Threshold for Recording Tangible Personal Property for Inventory Purposes.

All tangible personal property with a value or cost of ~~\$5,000~~ \$1,000 or more and having a projected useful life of one year or more shall be recorded in the state's financial system as property for inventory purposes. Any hardback book with a value or cost of \$25 or more and having a useful life of one year or more that is circulated to students or the general public, and any hardback book with a value or cost of \$250 or more that is not circulated shall be recorded in the state's financial system as property for inventory purposes. For the purpose of this rule chapter, "cost" is used if the property is purchased and represents the purchase price of the property item; "value" is used if the property is donated and represents the worth or acquisition fair market value of the property item at the date of donation. Attractive items with a value or cost of less than \$5,000 shall be recorded in the state's financial system as property for inventory purposes.

*Rulemaking Authority 273.02, ~~273.025~~ FS. Law Implemented ~~273.01, 273.02, 273.025~~ FS. History–New 1-13-08, Amended \_\_\_\_.*

PROPOSED EFFECTIVE DATE: July 1, 2020

#### 69I-72.003 Recording of Property.

(1) Maintenance of Property Records – Custodians shall maintain ~~adequate~~ records of property in their custody ~~that .The records shall~~ contain, at a minimum, the information required by this rule ~~these rules~~.

(2) Individual Records Required for Each Property Item – Each item of property shall be accounted for in a separate property record. Related individual items which constitute a single functional system may be designated as a property group item. A property group item may be accounted for in one record if the component items are separately identified within the record. Examples of property items that may be accounted for as a property group item ~~subject to group accountability~~ include, ~~but are not limited to:~~ modular furniture, computer components, book

sets, and similar associations of items. All property group items, the total value or cost which is equal to or greater than ~~\$5,000~~, ~~\$1,000~~, shall be inventoried in accordance with the requirements of this rule chapter under these rules.

(3) Content of Individual Property Records – Each property record shall include the following information unless the information listed below does not exist for the property in the record:

(a) through (f) No change.

(g) Name, make, or manufacturer, ~~if applicable.~~

(h) Year and ~~and/or~~ model(s), ~~if applicable.~~

(i) Manufacturer's serial number(s), ~~if any, and if an automobile, vehicle identification number (VIN) and title certificate number, if applicable.~~

(j) If an automobile, the vehicle identification number (VIN) and title certificate number.

~~(k)(j)~~ Date acquired.

~~(l)(k)~~ Cost or value at the date of acquisition for the item or the identified component parts thereof. When the historical cost of the purchased property is not practicably determinable, the estimated historical cost of the item shall be determined ~~by appropriate methods~~ and recorded. Estimated historical costs shall be so identified in the record and the basis of determination established in the custodian's public records. The basis of valuation for property items constructed by custodian personnel shall be the costs of material, direct labor, and overhead ~~costs~~ identifiable to the project. Donated items, including federal surplus tangible personal property, shall be valued at acquisition fair market value at the date of acquisition. Regardless of acquisition method, the cost or value of a property item shall include ancillary charges, ~~necessary to place the asset into its intended location and condition for use.~~ Ancillary charges are costs include expenditures that are directly attributable to ~~asset acquisition and~~ placing the asset into its intended location and condition for use, in service, such as freight and transportation charges, site preparation costs, and professional fees.

(l) through (o) re-designated (m) through (p) No change.

~~(p) Any other information on the individual property record that the custodian may care to include.~~

(4) Control Accounts – A custodian-wide control account showing the total cost or value of the custodian's property shall be maintained. A custodian may keep additional control accounts for property ~~to the extent deemed necessary~~ for different funds and sub-funds. Control totals may not be established by periodically summarizing the costs or values recorded on the individual property records. ~~Rather,~~ Entries to control accounts shall be derived from documents evidencing transactions resulting from the acquisition, transfer, or disposition of property items and shall be posted contemporaneously with entries to the individual property records.

(5) No change.

*Rulemaking Authority 273.02, 273.025, 273.055 FS. Law Implemented 273.02, 273.025, 273.04, 273.055 FS. History--New 1-13-08, Amended \_\_\_\_.*

PROPOSED EFFECTIVE DATE: July 1, 2020

#### 69I-72.007 Capitalization of Property.

For statewide financial reporting purposes, all tangible personal property with a value or cost of ~~\$5,000~~ ~~\$1,000~~ or more and having a projected useful life of one year or more must be capitalized. Any hardback book with a value or cost of \$25 or more and having a useful life of one year or more that is circulated to students or the general public, and any hardback book with a value or cost of \$250 or more that is not circulated must be capitalized. Attractive items must not be capitalized for statewide financial reporting purposes.

*Rulemaking Authority 273.025 FS. Law Implemented 273.025 FS. History--New 1-13-08, Amended \_\_\_\_.*

NAME OF PERSON ORIGINATING PROPOSED RULE: Ryan Nolan, Division of Accounting and Auditing

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: CFO Jimmy Patronis

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: January 22, 2020

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: January 10, 2020

Notice of Change/Withdrawal

**DEPARTMENT OF FINANCIAL SERVICES**

**Division of Accounting and Auditing**

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69I-72.001 Definitions

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NOTICE OF CORRECTION

Notice is hereby given that the following correction has been made to the proposed rule in Vol. 46 No. 16, January 24, 2020 issue of the Florida Administrative Register.

The following information related to Rule 69I-72.007 was omitted and is hereby inserted after the history note for the rule:

PROPOSED EFFECTIVE DATE: July 1, 2020