

**RULES OF THE  
AUDITOR GENERAL**



**CHAPTER 10.400**

**LOCAL GOVERNMENT-OWNED  
TANGIBLE PERSONAL PROPERTY**

**EFFECTIVE 05-01-02**

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## 10.410 PURPOSE

- (1) The purpose of these rules is to implement Section 274.02, Florida Statutes, which provides that “Each item of property which it is practicable to identify by marking shall be marked in the manner required by the Auditor General. Each governmental unit shall maintain an adequate record of its property, which record shall contain such information as shall be required by the Auditor General.” For the purpose of these rules, “governmental unit” has the meaning set forth in Section 274.01, Florida Statutes, and does not include municipalities or, except as provided by Section 274.12, Florida Statutes, special districts that do not have taxing authority.
- (2) These rules prescribe the records and procedures considered appropriate by the Auditor General for marking, recording, and accounting for local government-owned property as defined in Section 274.02, Florida Statutes, and the information to be recorded in each governmental unit’s public records in regard to such property.
- (3) These Rules are promulgated pursuant to Chapter 274, Florida Statutes, to promote the control and safeguarding of tangible personal property. Accordingly, they do not prescribe accounting guidance for reporting local government-owned capital assets and related depreciation as required by Statement No. 34 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Statement No. 34 includes financial reporting requirements relating to infrastructure reporting and depreciation accounting.

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General Authority and Law Implemented - Chapter 274, Florida Statutes

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## 10.420 RULES OF CONSTRUCTION

- (1) Applicable provisions of Florida law and expressed provisions of these rules shall prevail over conflicting provisions of material incorporated by reference.
- (2) These rules shall apply to property as defined in Section 274.02, Florida Statutes, acquired by governmental units. Governmental units must comply with these rules and applicable Federal guidelines with respect to property purchased partially or wholly from Federal funding sources.

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#### 10.430 PUBLICATIONS INCORPORATED BY REFERENCE

- (1) For purposes of these rules, the United States Office of Management and Budget "Common Rule," as adopted by applicable Federal agencies, is incorporated by reference and shall be followed when applicable.

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## 10.440 DEFINITIONS

(1) As used in these rules, the term:

- (a) "Control accounts" mean those summary accounts designed to control accountability for the individual property records. Unlike the individual property records which establish accountability for particular items of property, control accounts accumulate the total cost or value of the 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.

Control totals may not be established by periodically summarizing the costs or values recorded on the individual property records. Rather, entries to the control accounts must be derived from documents evidencing transactions affecting the acquisition, transfer, or disposition of property items and must be posted contemporaneously with entries to the individual property records.

- (b) "Cost" means 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 governmental unit in satisfaction of a portion of the purchase price of new property must not be deducted from the price that would have been paid had the previously owned property not been "traded in" on the new property.
- (c) "Custodian" means the person to whom the custody of county or district property has been delegated by the governmental unit.
- (d) "Data Processing Software" has the meaning set forth in Section 119.07(3)(o)1., Florida Statutes. Data processing software is not considered to be property within the meaning of these rules.
- (e) "Depreciated cost" means cost less accumulated depreciation.
- (f) "Fiscal year" means the governmental unit's fiscal year established pursuant to law.
- (g) "Governmental unit" as defined by Section 274.01, Florida Statutes, means the governing board, commission, or authority of a county or taxing district of the state or the sheriff of the county.
- (h) "Identification number" means the unique number assigned and affixed to each item of property to identify it as property of the governmental unit and to differentiate one item of property from another.
- (i) "Property" has the meaning set forth in Section 274.02, Florida Statutes.

- (j) "Unaccounted for property" means property of a governmental unit subject to the accountability provisions of Section 274.02, Florida Statutes, which cannot be physically located by the custodian and which has not been otherwise lawfully disposed of.
- (k) "Value" means the worth or marketable delivered price (fair market value) at the date of acquisition.

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## 10.450 PROPERTY RECORDS REQUIRED

(1) Maintenance of Property Records. –

Governmental units shall maintain adequate records of property in their custody. The records shall contain the information required by these rules.

(2) Individual Records Required For Each Property Item. –

Each item of property shall be accounted for in a separate property record. However, related individual items which, taken as a whole, constitute a single functioning system may be designated as a group property item. A group property item may be accounted for in one record if the component items are separately identified within the record. Examples of property subject to group accountability include, but are not limited to, such items as modular furniture, computer components, and book sets.

(3) Content of Individual Property Records. –

Each property record shall, as applicable, include the following information:

- (a) Identification number.
- (b) Description of the item or items.
- (c) Physical location (the city, county, address or building name, and room number therein).
- (d) Name of the custodian with assigned responsibility for the item.
- (e) If group accountability is established, the number and description of the component items comprising the group.
- (f) Name, make, or manufacturer.
- (g) Year and/or model(s).
- (h) Manufacturer's serial number(s), if any, and if an automobile, vehicle identification number (VIN) and title certificate number.
- (i) Date acquired.
- (j) Cost or value at the date of acquisition for the item or the identified component parts thereof. When the historical cost of the item 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 governmental unit's public records. The basis of valuation for property items constructed by personnel of the governmental unit must be the costs of material, direct labor, and overhead costs identifiable to the

project. Donated items, including Federal surplus tangible personal property, must be valued at fair market value at the date of acquisition.

- (k) Method of acquisition and, for purchased items, the voucher and check or warrant number.
- (l) Date the item was last physically inventoried and the condition of the item at that date.
- (m) If disposed of, the information prescribed in Rule. No. 10.470(2).
- (n) Any other information the governmental unit may care to include.

(4) Filing of Property Records. –

Property records shall be arranged in numeric sequence by identification number. For the convenience of the governmental unit, property records may also be filed or sortable by location, by custodian, and in such other arrangements as may be desirable.

(5) Control Accounts. –

A governmental unit-wide control account showing the total cost or value of the property shall be maintained. A governmental unit may keep additional control accounts for property to the extent deemed necessary.

(6) Depreciation. –

Depreciation may be recorded to meet financial reporting requirements relating to depreciation accounting. However, depreciation must not be recorded on the individual property records or in the control accounts in such a manner as to reduce the recorded acquisition cost or value.

## 10.460 IDENTIFICATION

(1) Marking of Property. –

Each item of property shall be permanently marked, if practicable, to establish its identity and ownership by the governmental unit holding title to the item and the identification number assigned to that item. The marking must visually display the required information identifying the item; however, the marking system may additionally utilize a standard bar code to facilitate electronic inventory procedures.

(2) Exemptions. –

Any item of property whose value or utility would be significantly impaired by the attachment or inscription of the required data is exempted from the requirement for physical marking. However, the governmental unit's property records must contain sufficient descriptive data to permit positive identification of such items.

(3) Location of Marking. –

Items of a similar nature shall be consistently marked to facilitate ready identification of the items. Careful consideration must be given to the intended use of the item; the probability that the marking could be obliterated by wear, vandalism, or routine maintenance functions; and the appropriateness of the marking method chosen. Additionally, the location of the marking and the marking method chosen must not mar the appearance of the item.

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## 10.470 DISPOSITION

(1) Methods of Disposition. –

Property within the meaning of these rules may be lawfully disposed of as provided in Sections 274.04, 274.05, and 274.06, Florida Statutes. Property of the governmental unit which is not accounted for during regular or special inventories shall not be subject to the procedures governing disposition (see Rule 10.480(6)).

(2) Required Information. –

The following information shall be recorded on the individual property record for each item lawfully disposed of pursuant to Sections 274.04, 274.05, or 274.06, Florida Statutes:

- (a) Date of disposition.
- (b) Authority for disposition (resolution of the governing body properly recorded in the minutes as required by Section 274.07, Florida Statutes).
- (c) Manner of disposition (sold, donated, transferred, cannibalized, scrapped, destroyed, traded).
- (d) Identity of the employee(s) witnessing the disposition, if cannibalized, scrapped, or destroyed.
- (e) For items disposed of, a notation identifying any related transactions (such as, receipt for sale of the item; insurance recovery; trade-in).
- (f) For property classified and disposed of as surplus, reference to documentation that such property was disposed of in the manner prescribed by Section 274.05 or 274.06, Florida Statutes.

(3) Transfer of Property Records. –

The individual property record for each item lawfully disposed of as described in this rule shall be, upon disposition of the item, transferred to an inactive and disposed property file. Destruction of such records shall be governed by the provisions of Chapter 119, Florida Statutes.

(4) Control Account. –

The cost or value of items lawfully disposed of shall be removed from the control account at the time of disposition.

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## 10.480 INVENTORY PROCEDURES

### (1) Physical Inventory Required. –

Each governmental unit shall ensure that a complete physical inventory of all property is taken annually and whenever there is a change of custodian.

### (2) Inventory Forms. –

The form of the record used to record the physical inventory required by Section 274.02, Florida Statutes, shall be at the discretion of the governmental unit. However, the record shall display, at a minimum, the following information:

- (a) Identification number.
- (b) Description of the item or items.
- (c) Physical location (the city, county, address or building name, and room number therein).
- (d) The name of the custodian with assigned responsibility for the item.
- (e) If group accountability is established, the number and description of the component items comprising the group.
- (f) Name, make, or manufacturer.
- (g) Year and/or model(s).
- (h) Manufacturer's serial number(s), if any, and if an automobile, vehicle identification number (VIN) and title certificate number.
- (i) Date acquired.

The form shall indicate, for each item described, the existence and location of the item, or its absence, the date of the current inventory, and the present condition of the item. Additionally, the information recorded shall include the name and signature of the employee or other individual attesting to the existence of the item and the accuracy of the data recorded.

### (3) Unrecorded Property. –

Any property item found during the conduct of an inventory which meets the requirements for accounting and control as defined in Section 274.02, Florida Statutes, and which item is not included on the inventory forms described above, shall be added to the forms when located. After appropriate investigation to establish the ownership of the item, it shall be added to the governmental unit's property records or, if ownership cannot be reasonably established, the item may be disposed of in the manner provided by law as applicable to abandoned property.

(4) Custodian May Not Inventory Certain Items. –

Custodian may not personally inventory items for which they are responsible.

(5) Reconciliation of Inventory to Property Records. –

Upon completion of the physical inventory:

(a) The data listed on the inventory forms shall be compared with the individual property records. Noted differences such as location, condition, and custodian shall be investigated and corrected as appropriate or, alternatively, the item shall be relocated to the location and custodian shown in the individual property record.

(b) Items not located during the inventory process shall be promptly reported to the governmental unit which shall cause a thorough investigation to be made. If an item is not located as a result of the investigation, the individual property record shall be so noted and a report filed with the appropriate law enforcement agency describing the missing item and the circumstances surrounding its disappearance.

(6) Unaccounted for Property. –

For items identified as unaccounted for and reported to the State's chief fiscal officer, recording the items as dispositions or otherwise removing the items from the property records shall be subject to approval of the State's chief fiscal officer as provided in Section 17.041, Florida Statutes, and Rule 3A-71, Florida Administrative Code.