

Property Management



TEXAS TECH UNIVERSITY
Accounting Services™

What we do

Property

- Property Inventory & Tagging Assets
 - (Purchased, Gifted, Inter-Agency Transfer, Trade-In, Fabrication etc.)
- Property Accounting for Assets/Depreciation
 - Controlled 7C (under \$5,000 does not depreciate) & Capital 7J
- Property Techbuy Approvals
- Inventory Reviews
- FITS approvals on some 7J and 7C Accounts
- *Plant Funds can purchase Property that needs to be tagged as well.

Plant

- New Funds
- Budget Revision System
- FITS approvals
- Accounting Entries review of Balance Sheet / Income Statement
- Review Negative Fund Balance and Orphan transactions
- Building/CIP/Facilities/Infrastructure project reconciliation & capture expenses at substantial completion and FYE by components.
 - We complete walk-throughs of CIP projects to identify property that was purchased as part of the project 7J0130 for property inventory purposes. i.e. TV's that project purchases needs to be in 7C0190 and have it's own related inventory tag

Capital vs Non Capital



- This website details out what is capital vs expense.
<https://fmcpa.cpa.state.tx.us/fiscalmoa/cobj.jsp?type=exp>
- Keep in mind, is it improving the useful life or just regular repairs and maintenance.
- Major repair and rehabilitation
- SPA Guidelines
https://fmx.cpa.state.tx.us/fmx/pubs/spaproc/ch1/1_3.php

Unexpended Plant Funds (capital)



- 13B (heaf funded from a 13A)
- 19A (Designated funded from 11, 12, 14, 16, 17, 18)
- 19B (Designated TRIP)
- 29A & B (Restricted funded from 20's)
- 39A (Auxiliary funded from 31A)
- 91A, B, F Unexpended Plant (misc., Pledged gifts, FMV Investment Changes, bond & commercial paper projects, misc. funding from all except 13 now.)
- **A true Capital Building 7J expense (7J0101 and above) must be in an unexpended plant fund**

***Note no new projects are setup in 19A&B, 29A&B, and 39A anymore. They are transferred to 91B.**

Current Unexpended Plant Funds



- 13B – HEAF
- 19B – Designated TRIP
- 91B & F – Plant

Transfers to 91 by multiple funds are allowed now so we don't have multiple funds for same project. HEAF has to stay separate.

SPA Class Codes



- Building
- Construction in Progress
- Infrastructure
- Facilities and Other Improvements
- Capital Equipment
- Vehicles
- Software
- Museum & Art
- Land
- Livestock
- Books & Periodicals
- Controlled Assets (7C)

**Depreciation Lives
Vary by Class**

**Account Codes
Vary by Class**

All 7J Capital Account Codes



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7J0	Capital Outlay			Property Comments
7J0001	CO Passenger Cars Capital	7371	Capitalized passenger cars, any passenger car with a value greater than \$5,000 including delivery and associated purchase expenses	Vehicle Given TTU Asset Number
7J0010	CO Other Motor Vehicles Capital	7372	Capitalized vehicles, other than a passenger car with a value greater than \$5,000 including delivery and associated purchase expenses	Vehicle Given TTU Asset Number
7J0020	CO Furnishings/Equip Above \$5000	7373	Capitalized furnishings and equipment with a value greater than \$5,000 including shipping and associated purchase expenses; includes diagnostic, heavy, industrial, law enforcement, medical, office and safety	Capital Equipment given TTU Asset Number
7J0021	CO F/E Unmanned Aircraft >\$5000	7373	Capitalized unmanned aircraft (drones) with a value greater than \$5,000 including shipping and associated purchase expenses.	Capital Equipment given TTU Asset Number
7J0029	CO Prepaid Furn/Equip Above \$5000	7373	Use this code for the entire purchase if any portion of capitalized furnishings and equipment is to be paid in advance (including prepaid deposits)	Capital Equipment given TTU Asset Number. Acct code Change to 7J0020 when no longer prepaid
7J0030	CO Computer Equipment Above \$5000	7379	Capitalized computer equipment with a value greater than \$5,000 including shipping and associated purchase expenses; includes optical disk drives, scanners, printer, tape drives, terminals and workstations	Capital Equipment given TTU Asset Number.
7J0039	CO Prepaid Computer Equip > \$5000	7379	Use this code for the entire purchase if any portion of capitalized computer equipment is to be paid in advance (including prepaid deposits)	Capital Equipment given TTU Asset Number. Acct code Change to 7J0030 when no longer prepaid
7J0040	CO Animals Capital	7386	Live or dead animals, birds, fish, mammals, reptiles and insects with a unit cost greater than \$5,000 with a useful life of more than one year	Livestock given a TTU Asset number (not physically placed on animal)
7J0050	CO Computer Software \$100K > Capital	7395	Capitalized computer software with a value greater than \$100,000 including shipping and associated purchase expenses	Software given a TTU asset number for inventory/depreciation purposes
7J0059	CO Prepaid Computer Softwre \$100K >	7395	Use this code for the entire purchase if any portion of capitalized computer software is to be paid in advance (including prepaid deposits)	Software given a TTU asset number for inventory/depreciation purposes. Acct code change to 7J0050 when no longer prepaid
7J0060	CO Fabrication of Equipment Capital	7388	To record payment of equipment that is constructed from individual parts and is identifiable as a discrete item. The equipment requires creative design effort by university employees and cannot reasonably be built by an off-campus vendor. It likely includes custom components, does not include modular equipment, and construction of the item is complex. The finished item's function does not bear resemblance to the functions of the individual components. The finished product must have a unit cost of \$5,000 or more and a useful life of one year or more.	Capital Equipment given TTU Asset Number.
7J0070	CO Internal Dev Comp Software \$1M>	7390	To record payment for "internally generated" computer software. Total cost must be equal to or greater than \$1,000,000 and have an estimated useful life greater then one year.	Software given a TTU asset number for inventory/depreciation purposes
7J0080	CO Books and Ref Materials Capital	7389	To record payment for books and reference materials; regardless if used for a professional, academic or research library, where library collection cost is equal to or greater than \$5,000 and has an estimated useful life of more than one year	
7J0090	CO Telecomm Equipment Capital	7512	Telephones, telephone systems and telecommunications equipment with a unit cost greater than or equal to \$5,000 and a useful life of more than 1 year	Capital Equipment given TTU Asset Number
7J0099	CO Prepaid Telecomm Equip > \$5000	7512	Use this code if any portion of capitalized telephones, telephone systems and telecommunications equipment is to be paid in advance (including prepaid deposits)	Capital Equipment given TTU Asset Number. Acct code change to 7J0090 when no longer prepaid
7J0100	CO Art Capital	7369	To record payment for collections or individual items of significance that are not held for financial gain, but rather for public exhibition, education or research in furtherance of public service. Collections or individual items that are protected and cared for and preserved. Payments for works of art and historical treasures held for financial gain should use account codes reserved for investments.	Museum & Art given TTU asset number
7J0101	CO Art Commissioned Art Capital	7369	To record payment for commissioned works of art for public exhibition with a total cost ≥ \$5,000 that will be protected and cared for and preserved.	Museum & Art given TTU asset number. Only for FPC non 1% artwork

All 7J Capital Account Codes



Only Unexpended Plant Funds (13B, 19A&B, 29A&B, 39A, 91's can use these account codes)

7J0110	CO Facilities Site Develop Capital	7336	To record payment for site development to facilitate the use of land for a particular purpose. Total cost must be equal to or greater than \$100,000.	Facilities & Other Improvements
7J0111	CO Facilities Utilities Capital	7336	To record payment for utilities to facilitate the use of a building for a particular purpose. Total cost must be equal to or greater than \$100,000.	Facilities & Other Improvements
7J0112	CO Facilities Landscape Capital	7336	To record payment for landscaping. Total cost must be equal to or greater than \$100,000.	Facilities & Other Improvements
7J0113	CO Facilities Prof Fees Capital	7336	To record payment for professional fees (architectural and engineering) related to the cost of a construction project. Total cost must be equal to or greater than \$100,000.	Facilities & Other Improvements
7J0114	CO Facilities Grounds Capital	7336	To record payment for grounds improvements. Total cost must be equal to or greater than \$100,000.	Facilities & Other Improvements
7J0115	CO Facilities Construct OH Capital	7336	To record payment for construction overhead charged by a contractor related to the cost of a construction project. Total cost must be equal to or greater than \$100,000.	Facilities & Other Improvements
7J0130	CO CIP Building Capital	7341	To record payment for new permanent structures under construction. To record payment for major additions, alternations, installations and reconstruction projects.	Construction in Progress
7J0135	CO Land	7345	Land and well purchases, including commissions and professional fees; these are capitalized regardless of cost	Land - non depreciable
7J0136	CO Land Improvements	7346	Land and well improvements, including professional fees; these are capitalized regardless of cost	Land - non depreciable
7J0140	CO Bldg Impr Fixed Equip Capital	7343	Major repair that increases the value or useful life of state-owned building with a total cost \geq \$100,000, including heating and cooling systems, closed circuit TV system or fiber optic cable.	Building
7J0141	CO Bldg Impr Remodel State Capital	7343	Major repair that increases the value or useful life of state-owned building with a total cost \geq \$100,000	Building
7J0142	CO Bldg Impr Prof Fees Capital	7343	Architectural or engineering fees for major repair that increase the value or useful life of state-owned building with a total cost \geq \$100,000.	Building
7J0143	CO Bldg Impr Cont Temp Svs Capital	7343	Contracted temporary services for major repairs that increase the value or useful life of state-owned building with a total cost \geq \$100,000.	Building
7J0144	CO Bldg Impr Construct OH Capital	7343	Construction overhead from contractors for major repairs that increase the value or useful life of state-owned building with a total cost \geq \$100,000.	Building
7J0145	CO Bldg Impr Travel Capital	7343	Travel expenses for major repairs that increase the value or useful life of state-owned building with a total cost \geq \$100,000.	Building
7J0146	CO Bldg Impr Constructed Capital	7343	To record payment for a major repair or rehabilitation that materially increases the value or useful life of a state-owned building with a total cost \geq \$100,000. Includes conversions of basements/attics to usable space, structures attached to buildings (such as patios, sunrooms), installation or upgrade of HVAC, installation or upgrade of wall or ceiling coverings, structural changes, installation or upgrade of windows or doors, interior renovations, exterior renovations (siding, roofing, masonry), installation or upgrade of plumbing or electrical wiring, and installation or upgrade of phone or closed circuit tv systems, networks, fiber optics.	Building
7J0150	CO Infrastructure Site Dev Capital	7356	To record payment for infrastructure assets, total cost must be greater than \$500,000; includes bridges, railroads, canals, boardwalks, dams, drainage facilities, fiber optics and telephone distribution systems, roads, streets, curbs, gutters, sidewalks, signage	Infrastructure
7J0151	CO Infrastructure Utilities Capital	7356	Payment for infrastructure assets with a total cost \geq \$500,000, including gas lines and tunnels and water lines and mains.	Infrastructure

Yearly Threshold & Capitalization



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- Buildings- \$100,000
- CIP- 0 (Any Cost)
- Facilities & Other Improvement- \$100,000
- Infrastructure- \$500,000

***Note:** Each fund does not have to meet the threshold to be an unexpended plant fund. All expenses together for one building or spa class must meet threshold at year-end.

- Upon substantial complete of CIP projects (85%) all expenses at that time are split percentage wise into different building components and capitalized in the fixed asset system. The building will now depreciate.
- All other categories are capitalized at year-end if the building or class meet the yearly threshold.

Buildings



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Buildings and Building Improvements

Building Definition

A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls and is not intended to be transportable or moveable. Buildings that are ancillary to the state's highway network, such as rest area facilities and toll buildings, are reported as infrastructure rather than as buildings.

Building Improvement Definition

Building improvements are capital events that materially extend the useful life of a building or increase its value, or both. A building improvement should be capitalized and recorded as an addition of value to the existing building if the expenditure meets the capitalization threshold.

Building Componentization

Componentization is the process of separately calculating the depreciation of major building structural components, subsystems and equipment.

Effective Sept. 1, 2001 (as required by Texas Government Code Section 2101.015), state agencies that receive federal funds to implement federal or joint federal and state programs and own a building with a fair market value of at least \$1 million componentize on a prospective basis. As each building component is replaced, it is separately depreciated based on its individual useful life. At a minimum, the agency should use the following component categories and suggested useful lives or refer to the SPA class codes:

- Building shell, 30 years
- Electrical and lighting systems, 20 years
- Plumbing systems, 20 years
- Fire protection systems, 20 years
- Elevator systems, 20 years
- Fixed equipment assets, 20 years
- Heating, ventilation and cooling systems, 15 years
- Floor coverings, 15 years,
- Interior finish, 15 years
- Miscellaneous construction features, 15 years
- Roof coverings, 10 years

Must use account codes 7J0140-7J0146

These are renovations to existing buildings. If FPC is completing the renovation because \$2M or greater, then we count it as CIP so we can componentize out during CIP to BLDG conversion.

Yearly Threshold - \$100,000 per building not project.



Construction in Progress

Construction in Progress Definition

Construction in Progress reflects the cost of all projects for construction of buildings, other improvements, equipment and intangible assets that are in progress (under way) at a particular point in time.

Depreciation Methodology

Depreciation is not applicable while assets are accounted for as construction in progress.

Capitalization Threshold

Construction in progress assets are capitalized to the appropriate capital asset categories at the earliest occurrence of:

- substantial completion contract documents are executed,
- occupancy or
- when the asset is placed into service.

[Chapter 4](#) explains how to report construction in progress in SPA.

Must use account codes 7J0130 & 7J0139

These are usually new buildings or an FPC renovation because \$2M or greater so we can componentize out during CIP to BLDG conversion.

Yearly Threshold - \$0 per building not project.

Infrastructure



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Infrastructure

Infrastructure Definition

Infrastructure is a long-lived capital asset that normally is stationary in nature and can be preserved for significantly more years than most capital assets. Infrastructure assets are often linear and continuous.

Note: Prospective reporting of general infrastructure assets was required beginning in fiscal 2002. Also required was the retroactive reporting of infrastructure assets purchased, constructed or donated in fiscal years ending after June 30, 1980, or infrastructure assets that received major renovations, restorations or improvements during that period. State entities are encouraged to report their entire infrastructure, if possible.

Infrastructure Improvements

Infrastructure Improvements are capital events that materially extend the useful life or increase the value of the infrastructure, or both. Infrastructure improvements should be capitalized and recorded as an addition of value to the infrastructure if the improvement or additional value meets the capitalization threshold.

Capitalization Threshold

The capitalization threshold for depreciable infrastructure is \$500,000 and non-depreciable infrastructure is \$0. Infrastructure already capitalized remains capitalized.

Examples of Expenditures to Capitalize as Infrastructure

- Highway and rest areas
- Roads, streets, curbs, gutters, sidewalks, fire hydrants
- Bridges, railroads, trestles
- Canals, waterways, wharf, docks, sea walls, bulkheads, boardwalks
- Dam, drainage facility
- Radio or television transmitting tower
- Electric, water and gas (main lines and distribution lines, tunnels, etc.)
- Fiber optic and telephone distribution systems (between buildings)
- Light system (traffic, outdoor, street, etc.)
- Signage
- Airport runway, strip, taxiway or apron

Must use account codes 7J0150-51

Yearly Threshold - \$500,000 per class not project.

Facilities & Other Improvements



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Facilities and Other Improvements

Facilities Definition

Facilities are assets (other than general use buildings) that are built, installed or established to enhance the quality or facilitate the use of land for a particular purpose.

Other Improvements Definition

Other Improvements are enhancements made to a facility or to land.

Depreciation Methodology

The straight-line depreciation method (historical cost *minus* residual value *divided by* useful life) is used for **Facilities** and **Other Improvements**.

Capitalization Threshold

The capitalization threshold for facilities and other improvements is \$100,000.

Examples of expenditures to capitalize as facilities and other improvements

- Fencing and gates
- Landscaping
- Parking lots, driveways or parking barriers
- Outside sprinkler systems
- Recreation areas and athletic fields (including bleachers)
- Golf courses
- Paths and trails
- Septic systems
- Stadiums
- Swimming pools, tennis courts or basketball courts
- Fountains
- Plazas and pavilions
- Retaining walls

Must use account codes 7J0110-7J0115
Yearly Threshold - \$100,000 per class not project.