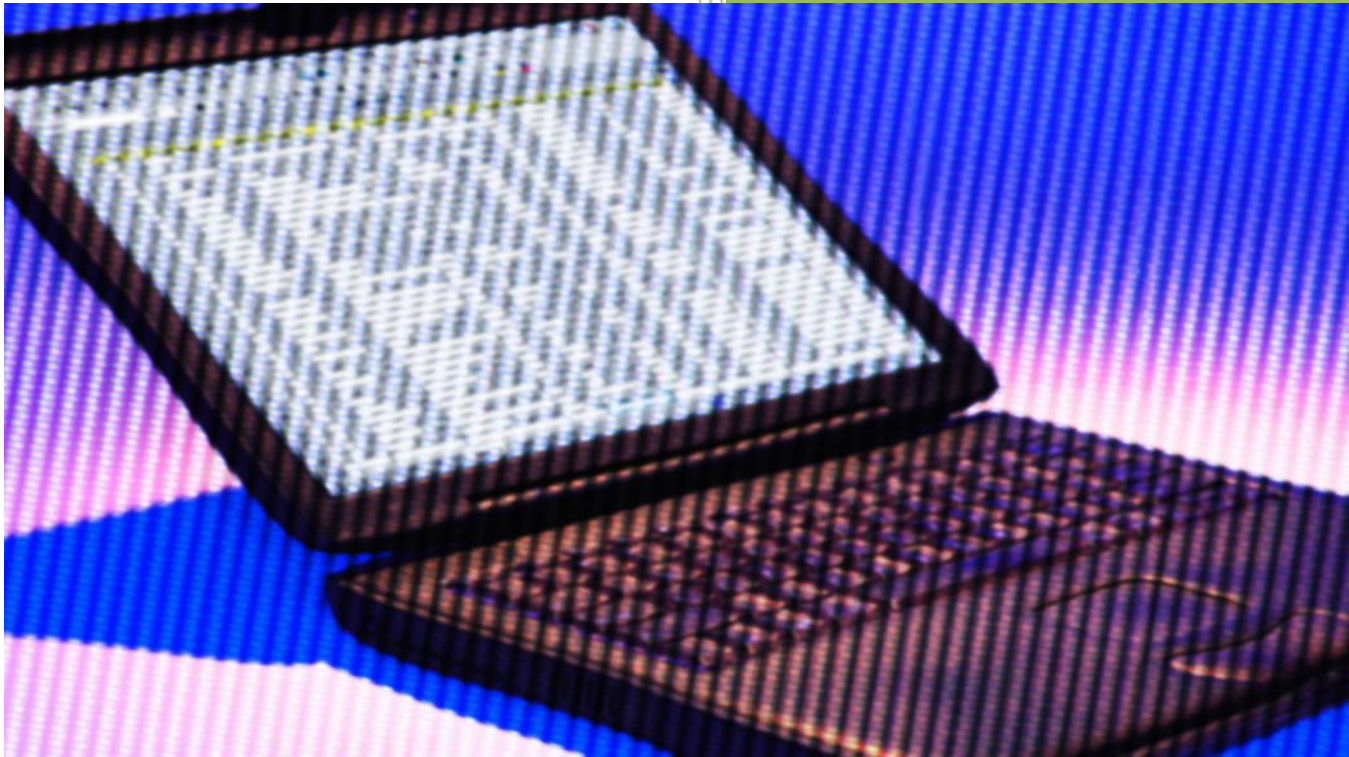


USDA BOC Personal Property Quick Guide



**Proper Use of Budget
Object Codes (BOC) for
Personal Property**
Revised March 2014

BOC Personal Property Quick Guide

Budget Object Codes

The Office of Management and Budget (OMB) publishes the major budget object categories in OMB Circular A-11, *Preparing, Submitting, and Executing the Budget*. These categories establish a framework to record financial obligations and expenditures according to the nature of the services provided or received.

This guide addresses specific personal property object class codes used by the Department of Agriculture (USDA). Accounting by object classes identifies obligations and expenditures by the nature of services or articles procured, such as equipment. For the purpose of this guide, object classes are further divided between capital expenditures (purchases of significant dollar amounts that benefit future fiscal periods) and operating expenses (expenditures benefiting the current fiscal period).

The Financial Management Modernization Initiative (FMMI) is USDA's Budget Execution and Accounting System. Detailed sub-object class codes are established in FMMI and maintained by the Office of the Chief Financial Officer. They are published in the Budget Object Classification Codes (BOC) Manual. The specific BOCs are appropriately assigned to all purchases to identify the use of resources.

USDA's property management and accounting functions share common information through linkages between the Personal Property System (PROP) and FMMI. Based on the BOC, appropriate transactional records will be created in these systems for accountable and capitalized property. Improper use of the BOC will distort the Department's asset and expense accounts in both the property and accounting systems.

Selecting the Appropriate BOC

Personal property may be categorized as capitalized, non-capitalized, accountable, or non-accountable. The categories consist of equipment, furniture and fixtures, motor vehicles, aircraft, hardware, software, and other assets of a durable nature. Capitalized items are procured through the feeder systems and updated to FMMI. The FMMI-PROP interface selects the appropriate data based on BOC from the FMMI general journals and creates a file to update PROP. As a general rule, all transactions assigned a 3100 series object class code, except for object class code 3140, will be updated to PROP. Most importantly, agency personnel are responsible for assigning the correct BOC to reduce the likelihood of overstating or understating values and depreciation in PROP and FMMI.

Capitalized property must meet the following criteria:

- It must be of durable nature,
- It must have a useful life of 2 or more years once it is placed into service, and
- Its initial acquisition cost must be **\$25,000 or more**, or **\$100,000 or more** for internal-use software.

The capitalized amount includes the initial installation cost when the installation is performed under contract. The capitalized amount excludes materials used in a conversion process during construction or manufacturing, or materials that form only a minor part of the equipment or fixed property.

Non-Capitalized property must meet the following criteria:

- It must be of durable nature,
- It must have a useful life of 2 or more years once it is placed into service, and
- Its initial acquisition cost must be **less than \$25,000**, or **less than \$100,000** for internal-use software.

Accountable personal property is all capital leases (excluding operating leases for personal property) and all owned personal property having an acquisition cost of \$5,000 or more, and any item valued at less than \$5,000 but determined by an Agency Property Management Officer (APMO) to be sensitive. (See AGPMR 110-50.001-18 for definition of leases.)

Non-accountable personal property is any item valued less than \$5,000 and not determined to be sensitive by the agency Property Management Officer.

Personal property can be capitalized and accountable; non-capitalized and accountable (which includes sensitive property); or non-capitalized and non-accountable using the above criteria.

Feeder systems capture and send capitalized or accountable personal property, which includes sensitive data, to FMFI based on the BOCs used in the procurement documents. Items identified as non-accountable and non-capitalized will not be captured by the FMFI-PROP interface.

FMFI captures the asset value of personal property items directly entered into FMFI, as well as through interfaces with the Integrated Acquisition System (IAS), Intragovernmental Payment and Collection System (IPAC), and SmartPay. This information is passed to PROP through the FMFI-PROP interface. FMFI captures the accounting impact of depreciation, modifications, transfers, and dispositions of personal property items through the PROP-FMFI interface.

Contact Us

For more information or questions about the contents of this guide, contact the Asset Reconciliation Branch, Property Accounting Section, at **504-426-5106**.

Most Commonly Used BOCs for Personal Property

Use these tables as the first source of identifying the types of equipment covered under Object Class Code 3100; Object Class Code 3100 should not be assigned to asset acquisitions.

NOTE: None of the codes listed in the following tables are 1099 reportable.

Major Description		EQUIPMENT
CAPITALIZED/ACCOUNTABLE BOCs		
Use this table when the acquisition cost is >= \$25,000		
3110	Machinery & Equipment (Other) – Capitalized and accountable Exclude items in BOCs 3111-3118	
<i>3111</i>	Motor Vehicles & WCF Fleet Equipment (Excludes aircraft) – Capitalized	
<i>3112</i>	Furniture & Fixtures – Capitalized	
<i>3113</i>	Aircraft – Capitalized	
3114	Deactivated	
3115	Deactivated	
3117	Deactivated	
<i>3118</i>	Telecommunications Equipment – Capitalized. Includes routers, PBXs, switches, bridges, firewalls, gateways, satellites, microwaves, video conferencing equipment, and antennae.	
3119	Deactivated	
3120	Machinery & Equipment – Capitalized and accountable	
<i>3121</i>	Agricultural – Capitalized	
<i>3122</i>	Laboratory – Capitalized	
<i>3123</i>	Radio Communications – Capitalized. Includes base stations, repeaters, receivers, antennae, and dispatch and control systems.	
<i>3124</i>	IT Hardware (Except Personal Computers) – Capitalized. Includes Central Processing Units (CPUs), peripheral input/output devices, control units, data storage devices (Direct Access Storage Devices (DASD), tape access, optical storage), servers, and workstations.	
<i>3125</i>	Office machines and reproduction machinery and equipment. Includes office machines that are owned (not leased) by the Government.	
3126	Deactivated	
3127	Deactivated	
<i>3128</i>	Snow Telemetry Equipment – Capitalized	
<i>3129</i>	Engineering Equipment – Capitalized	
3130	Miscellaneous Motor Equipment – Capitalized	
3165	IT Hardware (Personal Computers) – Capitalized. Includes all personal computing devices such as personal computers, laptops, personal digital assistance, etc.	
3166	Deactivated	

NON-CAPITALIZED/ACCOUNTABLE BOCs	
<i>Use this table when the acquisition cost is \$5,000 – \$24,999</i>	
3150	Equipment (Other) – Accountable, Non-Capitalized. Exclude items in BOCs 3151 – 3157. NOTE: BOC 3152 has an initial acquisition cost of \$5,000 – \$99,999.
<i>3151</i>	Machinery & Equipment – Accountable, Non-Capitalized
<i>3153</i>	IT Hardware – Accountable, Non-Capitalized. Includes Central Processing Units (CPUs), peripheral input/output devices, control units, data entry machines, PCs, laptops, data storage devices (Direct Access Storage Devices (DASD), tape access, optical storage), servers, monitors, and workstations. PDA not included.
<i>3154</i>	Furniture & Fixtures – Accountable, Non-Capitalized
<i>3155</i>	Motor Vehicles – Accountable, Non-Capitalized
<i>3156</i>	Telecommunications Equipment – Accountable, Non-Capitalized. Includes routers, PBXs, LAN Hubs, switches, bridges, firewalls, gateways, satellites, microwaves, video conferencing equipment, and telephone sets.
<i>3157</i>	Deactivated
<i>3158</i>	Deactivated
NON-CAPITALIZED/ACCOUNTABLE AND NON-ACCOUNTABLE BOCs	
<i>Use this table when the acquisition cost is \$0 – \$4,999</i>	
3140	Non-Accountable, Non-Sensitive, Non-Capitalized Property (personal property deemed NOT sensitive with an initial acquisition cost of less than \$5,000)
<i>3141</i>	Accountable/Sensitive Property (personal property determined sensitive by the agency Property Management Officer and valued less than \$5,000 in PROP)

Major Description		SOFTWARE
CAPITALIZED/ACCOUNTABLE BOCs		
<i>Use this table when the acquisition cost is >= \$100,000</i>		
3116	IT Software – Capitalized (Except Personal Computers). Includes internal-use software (1) purchased off-the-shelf, (2) contractor-developed, or (3) internally developed.	
3160	IT Software – Capitalized (Personal Computers). Includes internal-use software (1) purchased off-the-shelf, (2) contractor-developed, or (3) internally developed.	
<i>3161</i>	WCF Software (Forest Service Only)	
<i>3167</i>	Deactivated	
<i>3180</i>	Deactivated	
NON-CAPITALIZED/ACCOUNTABLE BOC		
<i>Use this table when the acquisition cost is \$5,000 – \$99,999</i>		
3152	IT Software – Accountable, Non-Capitalized. Includes internal-use software (1) purchased off-the-shelf, (2) contractor-developed, or (3) internally developed.	
NON-CAPITALIZED (ACCOUNTABLE & NON-ACCOUNTABLE) BOCs		
<i>Use this table when the acquisition cost is \$0 – \$4,999</i>		
3140	Non-accountable, Non-Sensitive, Non-Capitalized Property (Personal property deemed NOT sensitive w/an initial acquisition cost of less than \$5,000)	
<i>3141</i>	Accountable/Sensitive Property (Personal property determined sensitive by the agency Property Management Officer and valued less than \$5,000 in PROP)	

Common Scenarios Impacting PROP and FMFI

Scenario	Use of BOC	Threshold >\$25,000	Effect on		Corrective Actions
			FMFI	PROP	
Printer purchase of \$26,447 Selects BOC 3124	Correct	Yes	Printer amount is correctly stated. Asset is recorded and depreciation expense will be generated.	Printer amount is correctly stated. Asset is recorded and depreciation expense will be generated.	No further action required.
Printer purchase of \$23,770 Selects BOC 3125 The correct BOC is 3150	Incorrect	No	Assets are overstated and expenses are understated by \$23,770. Depreciation expense will be incorrectly recorded as a result of the underlying asset. Based on threshold amount, an expense rather than an asset should have been recorded.	Assets are overstated and expenses are understated by \$23,770. PROP will generate depreciation, which will overstate depreciation expense.	Recheck dollar amounts and BOC. If the dollar amount is correct, and BOC is wrong, after an item is updated in PROP, change BOC to a non-capitalized one. If BOC is correct and dollar amount is wrong, after the item has been updated to PROP, modify the acquisition amount to reflect the correct figure.
Desk purchase of \$23,770 Selects BOC 3154	Correct	No	No effect on assets because it did not meet the capitalization threshold. No depreciation will be generated. An expense is properly recorded.	No effect on assets because it did not meet the capitalization threshold. No depreciation will be generated.	No further action required.
Desk purchase of \$26,447 Selects BOC 3141 The correct BOC is 3112	Incorrect	Yes	Assets are understated by \$26,447 because the wrong BOC was used. No depreciation will be generated. Current period expenses are overstated.	Assets are understated by \$26,447 because the wrong BOC was used. No depreciation will be generated. Current period expenses are overstated	Recheck dollar amounts and use of BOC. If the dollar amount is correct, and BOC is wrong, change BOC to a capitalized BOC after the item has been updated in PROP. If BOC is correct and dollar amount is wrong, update the cost in PROP after the item has been added to the system.

Changing a:	Net Results
Capitalized BOC to non-capitalized BOC	Takes \$\$\$ out of the asset account and adds \$\$\$ to the expense account in PROP which updates the general ledger. The items will remain in PROP if the BOC is in the 3100 BOC series (other than 3140).
Non-capitalized BOC to capitalized BOC	Puts \$\$\$ in the asset account, automatically generates depreciation, and takes \$\$\$ out of the expense account in PROP, which updates the general ledger. If the BOC was in the 3100 BOC series (other than 3140), it remains in PROP.