USDA BOC Personal Property Quick Guide

Proper Use of Budget Object Codes (BOC) for Personal Property

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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 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 amount 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 Corporate Property Automated Information System (CPAIS) 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-CPAIS interface selects the appropriate data based on the BOC from the FMMI general journals and creates a file to update CPAIS. As a general rule, all transactions assigned a 3100 series object class code, except for object class code 3140, will be updated to CPAIS. Most importantly, agency personnel are responsible for assigning the correct BOC to reduce the likelihood of overstating or understating values and depreciation in CPAIS 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,
- 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 Accountable Property Officer (APO)) to be sensitive.

Non-accountable personal property is any item valued less than $5,000 and not determined to be sensitive by the agency Accountable Property Officer (APO)

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 FMMI based on the BOCs used on the procurement documents. Items identified as non-accountable and non-capitalized will not be captured by the FMMI-CPAIS interface.

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

Contact Us

For more information or questions about the contents of this guide, contact the Asset Reconciliation Branch, Property Accounting Section, at **504-226-3544**.

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.

Major Description – Equipment

CAPITALIZED/ACCOUNTABLE BOC

Use this table when the acquisition cost is >=$25,000

BOC	Description
3110	Machinery & Equipment (Other) - Exclude items in BOCs 3111-3118
3111	Motor Vehicles & WCF Fleet Equipment (Excludes aircraft)
3112	Furniture & Fixtures
3113	Aircraft
3114	Machinery and Equipment – Cooperative Project Assets
3115	Machinery and Equipment Other -Attached Furniture and Fixture (FAS Only). Do not use duplicate of 3112.
3117	Deactivated
3118	Telecommunications Equipment – Capitalized. Includes routers, PBXs, switches, bridges,firewalls, gateways, satellites, microwaves, video conferencing equipment, and antennae.
3119	Deactivated
3120	Machinery & Equipment - Exclude items in BOCs 3121-3129
3121	Machinery and Equipment Agricultural
3122	Machinery and Equipment Laboratory
3123	Machinery and Equipment Radio Communications –Includes base stations, repeaters, receivers, antennae, and dispatch and control systems.
3124	Machinery and Equipment 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.
3125	Machinery and Equipment Office machines and reproduction machinery and equipment. Includes office machines that are owned (not leased) by the Government.
3126	Deactivated
3127	Deactivated
3128	Machinery and Equipment Snow Telemetry Equipment
3129	Machinery and Equipment Engineering Equipment
3130	Miscellaneous Motor Equipment
3165	IT Hardware (Personal Computers) – Includes all personal computing devices such as personal computers, laptops, personal digital assistance, etc.
3166	Deactivated
3167	Deactivated

NON-CAPITALIZED/ACCOUNTABLE BOC

Use this table when the acquisition cost is $5,000 - $24,99

BOC	Description
3150	Equipment (Other) – Exclude items in BOCs 3151– 3157
3151	Machinery & Equipment
3153	IT Hardware –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.
3154	Furniture & Fixtures
3155	Motor Vehicles
3156	Telecommunications Equipment –Includes routers, PBXs,LAN Hubs, switches, bridges, firewalls, gateways, satellites, microwaves, video conferencing equipment, and telephone sets.
3157	Attached Furniture and Fixtures
3158	Deactivated

NON-CAPITALIZED (ACCOUNTABLE AND NON-ACCOUNTABLE) BOC

Use this table when the acquisition cost is $0-$4,999

BOC	Description
3140	Non-Accountable, Non-Sensitive, Non-Capitalized Property (personal property deemedNOT sensitive with an initial acquisition cost of less than $5,000)
3141	Accountable/Sensitive Property (personal property determined sensitive by the agencyAccountable Property Officer and valued less than $5,000 in CPAIS)

Major Description – Software

CAPITALIZED/ACCOUNTABLE BOC

Use this table when the acquisition cost is >=$100,000

BOC	Description
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.
3161	WCF Software (Forest Service Only)
3167	Deactivated
3180	Deactivated

NON-CAPITALIZED/ACCOUNTABLE BOC

Use this table when the acquisition cost is $5,000 - $99,999

BOC	Description
3152	IT Software – Accountable, Non-Capitalized. Includes internal-use software (1) purchasedoff-the-shelf, (2) contractor-developed, or (3) internally developed.

NON-CAPITALIZED (ACCOUNTABLE & NON-ACCOUNTABLE) BOC

Use this table when the acquisition cost is $0 - $4,999

BOC	Description
3140	**Non-accountable, Non-Sensitive, Non-Capitalized Property (Personal property deemedNOT sensitive w/an initial acquisition cost of less than $5,000)**
3141	**Accountable/Sensitive Property (Personal property determined sensitive by the Agency Accountable Property Officer and valued less than $5,000 in CPAIS)**

LOANED PROPERTY NON-CAPITALIZED & ACCOUNTABLE BOC

No specific acquisition cost required

BOC	Description
3190	**Loaned Property, Non-Capitalized and Accountable**

Common Scenarios Impacting CPAIS and FMMI

Scenario	Use of BOC	Threshold >$25,000	Effect onFMMI	Effect on CPAIS	Corrective Actions
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 iscorrectly stated. Asset is recordedand 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 over-stated and expenses are understated by $23,770. Depreciation expense will beincorrectly recorded as a result of the underlying asset. Based	Assets are overstated andexpenses are understated by $23,770. CPAIS 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 CPAIS, change BOC to a non-capitalized one. If BOC is correct and dollar amount is wrong, after the item has been updated to CPAIS, modify the**

Scenario	Use of BOC	Threshold >$25,000	Effect onFMMI	Effect on CPAIS	Corrective Actions
			on threshold amount, an expense rather than an asset should have been recorded.		**acquisition amount to reflect the correct figure.**
Desk purchaseof $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 willbe generated.	**No further action required.**
Desk purchaseof $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 becausethe wrong BOC was used. No depreciation willbe 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 CPAIS. If BOC is correct and dollar amount is wrong, update the cost in CPAIS after the item has been added to the system.**

Change in CPAIS from	Net Results
Capitalized BOC to non-capitalized accountable BOC	**All records received in CPAIS are parked in a staging area. If the property manager changes the BOC prior to the depreciation run, CPAIS will establish the asset as accountable for inventory tracking. CPAIS will also send an accounting entry to reverse the asset accounting entry and record an expenditure/operating expense entry to the appropriated BOC. However, if the property manager changes the BOC after depreciation is run, CPAIS will send an accounting record to reverse the asset accounting and accumulation depreciation entries. CPAIS will also send an accounting entry to record an operating expense to the appropriate BOC.**
Capitalized BOC to non-capitalized non-accountable BOC	**All records received in CPAIS are parked in a staging area. If the property manager changes the BOC prior to the depreciation run, CPAIS will marked the staging record as complete. CPAIS will also send an accounting entry to reverse the asset accounting entry and record an expenditure/operating expense entry to appropriate BOC. However, if the property manager changes the BOC after depreciation is run, CPAIS will send an accounting entry to reverse the asset accounting and accumulated depreciation entries. CPAIS will also send an accounting entry to record an operating expense to appropriated BOC.**
Non-capitalized BOCto capitalized BOC	**All records received in CPAIS are parked in a staging area. If the property manager changes the BOC prior to the depreciation run, CPAIS will establish the asset in inventory. CPAIS will send an accounting entry to record the acquisition of the asset with the appropriate BOC and send accumulated depreciation entries when the depreciation job runs. CPAIS will also send an accounting entry to reverse the expenditure/operating expense created by the original document processed in the feeder system. However, if the property manager changes the BOC after depreciation is run, CPAIS will establish the asset in inventory. CPAIS will send an accounting entry to record the acquisition of the asset with the appropriate BOC and send accumulated depreciation entries to catch up all depreciation. CPAIS will also send an accounting entry to reverse the expenditure/operating expense created by the original document processed in the feeder system.**