

## Course 501 – Personal Property Auditing – Basic to Advanced

### Course Description

This course provides a foundation for understanding basic financial records, specifically related to fixed assets. The balance sheet, depreciation schedule, and income statement will be described and discussed in much detail. Emphasis will be placed on the pertinent data relevant to the personal property appraiser. In addition, the course expands to advanced discussions of accounting and auditing theory as it relates to fixed assets. Capitalization techniques will also be discussed. A case study including sample financial records will be used to “discover” fixed assets that may otherwise be hidden from the appraiser. This course includes an exam.

### Objectives

Upon completion of Chapter 1, the student should be able to:

- Define the term “audit” relative to the purposes of this course.
- Identify reasons to perform and audit.
- Describe aspects of level of funding.
- Identify true statements about auditing.

Upon completion of Chapter 2, the student should be able to:

- Identify the categories of personal property.
- Identify an example of tangible personal property.
- Select an item that represents inventory.
- Identify the characteristics of an asset.
- Identify the three approaches to value.
- Define the term “replacement cost new”.
- Select the correct formula for effective age.
- Define the term “depreciation”.
- Find market value given appropriate information.
- Identify examples of fixed assets.
- Identify pros and cons of the cost approach when applied to personal property.

Upon completion of Chapter 3, the student should be able to:

- Identify the characteristics of an asset.
- Define accounting and appraisal terms.
- Identify accounting and appraisal formulas by use.
- Identify the most acceptable measure of inventory replacement cost.
- Describe basic accounting concepts and principles.

Upon completion of Chapter 4, the student should be able to:

- Identify types of property tax audits.
- Identify audit selection methods.
- Identify steps in the audit process.

Upon completion of Chapter 5, the student should be able to:

- Complete a basic personal property tax audit listing form from a given set of accounting record.

Upon completion of Chapter 6, the student should be able to:

- Identify steps in a formula audit process.

Upon completion of Chapter 7, the student should be able to:

- Define the term “discovery”.
- Determine which type of property is real or personal based on use.
- Describe SFAS 144.
- Identify reasons leasehold improvements must be classified as real or personal property.
- Identify the owner of personal property leased under an operating lease.

Upon completion of Chapter 8, the student should be able to:

- Identify reasons and benefits for using online services when filing personal property tax returns or paying personal property tax bills.
- Identify reasons for jurisdictions to use personal property CAMA systems.

Upon completion of Chapter 9, the student should be able to:

- Conduct a reconciliation of documents provided for audit procedures.
- Describe the importance of being able to use reliable records in an audit.
- Discuss the results and findings.

## Timetable

| Topic                     | Time Requirement | Day Covered |
|---------------------------|------------------|-------------|
| <b>Chapter 1</b>          |                  |             |
| Purpose                   | 30 Minutes       | Monday AM   |
| Scope                     | 15 Minutes       | Monday AM   |
| Auditing                  | 15 Minutes       | Monday AM   |
| Why Audit?                | 45 Minutes       | Monday AM   |
| Funding                   | 30 Minutes       | Monday AM   |
| Personnel                 | 15 Minutes       | Monday AM   |
| Employment of Contractors | 15 Minutes       | Monday AM   |

| Topic  | Time Requirement | Day Covered              |
|--|------------------|--------------------------|
| <b>Chapter 2</b>   |                  |                          |
| Categories of Personal Property                            | 10 Minutes       | Monday AM                |
| Inventories  | 30 Minutes       | Monday AM                |
| Fixed Assets   | 45 Minutes       | Monday AM/PM             |
| Leasehold Improvements                                     | 30 Minutes       | Monday PM                |
| Intangible Personal Property                               | 20 Minutes       | Monday PM                |
| Appraisal and Assessing of Personal Property               | 60 Minutes       | Monday PM                |
| <b>Chapter 3</b>   |                  |                          |
| The Accounting Profession                                  | 30 Minutes       | Monday PM                |
| Basic Accounting Concepts and Principles                   | 120 Minutes      | Monday PM/Tuesday AM     |
| <b>Chapter 4</b>   |                  |                          |
| Types of Audits  | 60 Minutes       | Tuesday AM               |
| Auditing Procedures  | 120 Minutes      | Tuesday AM/PM            |
| <b>Chapter 5</b>   |                  |                          |
| Case Study 1   | 210 Minutes      | Tuesday PM/Wednesday AM  |
| <b>Chapter 6</b>   |                  |                          |
| Audit Programs   | 40 Minutes       | Wednesday AM             |
| Types of Audits  | 280 Minutes      | Wednesday AM/PM          |
| <b>Chapter 7</b>   |                  |                          |
| Discovery of Personal Property                             | 45 Minutes       | Wednesday PM/Thursday AM |
| Unlisted Personal Property                                 | 45 Minutes       | Thursday AM              |
| Other Auditing Issues                                      | 90 Minutes       | Thursday AM              |
| <b>Chapter 8</b>   |                  |                          |
| Online Personal Property Forms                             | 15 Minutes       | Thursday AM              |
| Availability of Online Assessment Records                  | 15 Minutes       | Thursday AM              |
| Online Appraisal Information                               | 30 Minutes       | Thursday AM              |
| Personal Property Software and Automated Valuation Methods | 45 Minutes       | Thursday AM/PM           |
| Using Spreadsheets in Auditing                             | 45 Minutes       | Thursday PM              |

| Topic        | Time Requirement | Day Covered |
|--------------|------------------|-------------|
| Chapter 9    |                  |             |
| Case Study 2 | 130 Minutes      | Thursday PM |