

Fixed Asset Procedures

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Questions or comments?

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1.0 General

All Procedures for the Fixed Assets Subsystem of LGFS are contained in the Fixed Assets User Guide.

Fixed Assets Custodian is responsible for maintaining this manual in an up-to-date fashion and being knowledgeable in all areas of Fixed Assets Accounting.

1.1 Definitions

1.1.1 Fixed Asset (Capital Outlay Item) - A fixed asset is any tangible asset of significant value having a useful life that extends beyond one year.

1.1.2 Significant value - Significant value is set at \$5,000 or more net cost, not including trade-ins or any taxes, licenses, etc.

Exception 1: One exception to the \$5,000 threshold is when a group of items make up a working unit. Then items costing less than \$5,000 become part of the asset's "significant value".

Exception 2: All computers are capitalized regardless of price.

Exception 3: All licensed vehicles and trailers are capitalized.

1.2 Items Less than \$5,000

If you have items which fall below the \$5,000 limit but need to have an identification number, the Finance Office recommends you stencil those items in some way so you can identify them as belonging to your department.

1.3 Computer Purchases

All purchases relating to personal computers or any other type of computer must be approved by the IT Director.

1.4 Donated Items

If items are donated to your department, forward as much information as possible regarding the item to the Fixed Asset Custodian in the Finance Office (i.e., serial numbers, models, manufacturers identification, etc.). If the donor has a reliable estimate of the value, that should also be supplied.

1.5 Construction Projects

On all construction projects which are being handled out of your operating budget, please note on each PV that this expenditure is related to a specific project.

2.0 Transfer of Asset from one Department to Another

- a. The Department making the transfer fills out a new property control form indicating to whom the asset is being transferred, following the instructions on the back of the property control form.
- b. Finance Office Fixed Asset Custodian follows the procedures listed on page FA-47 in User Guide.

3.0 Disposal of Fixed Assets

3.1 Disposal Through Auction

- a. The department having fixed assets for disposal should fill out a property control form and contact Property Management so the assets can be picked up.
- b. Property Management will assign a tag number to each piece of equipment to be auctioned. Property Management should keep in contact with the Fixed Assets Custodian and provide up-to-date lists of items to be auctioned. This information must be approved by the County Commissioners for disposal through public auction.
- c. After the auction is held, a list of each item and the price it sold for is sent to Fixed Assets Custodian for entry into the records using the disposal procedures as listed in Section FA-41 of the User Guide.

3.2 Disposal by Other Methods

Assets can also be sold between auction times through various other methods. The Fixed Assets Custodian should be familiar with these methods and reporting requirements. [G.S. §160A-266(c)].

The County Finance Director is authorized to declare surplus any County personal property valued at less than \$1,000 for any one item or group of items. The County Finance Director may also set its fair market value, and convey title to the property for

the County in accordance with the procedures established originally in a resolution adopted by the Board of County Commissioners on June 20, 1983. [G.S. §160A-266(c)]. The original resolution was later revised July 21, 1997 by the Board of Commissioners.

4.0 Valuations For Useful Lives on Fixed Assets

The following general descriptions show what useful lives should be entered on new fixed assets. For unusual items, consult the Finance Director.

Type Description Useful Life

6100 Land.....	N/A
6200 Buildings.....	25 & 40
6300 Runways.....	40
6300 Landfill Cells.....	4
6300 Fences.....	10
6400 Office Furniture & Fixtures.....	10
6400 Landfill Heavy Equipment.....	10
6400 Computers.....	5
6400 Software: \$5,000 - \$100,000.....	5
Over \$100,000.....	15
6450 Sheriff's Vehicles.....	3
6450 Vehicles (other than Sheriff).....	5

5.0 Physical Inventories

All departments should have a physical inventory at least every 5 years. These should be done on a staggered basis so the work can be overseen by the Fixed Assets Custodian on a more direct basis. The Scheduling of these physical inventories is the responsibility of the Fixed Assets Custodian.

All discrepancies should be investigated and appropriate action taken for correcting the discrepancy.

A report on the discrepancies and the action taken should be submitted to the Finance Director.

6.0 Tax Foreclosures/Tax Lien Sales

Account number 110-410-4143-6100 in the fixed assets records contains the tax lien property (type "T") presently owned by the County.

When this type property is acquired, a check is generated from the tax department line item "Tax Foreclosure" (110-410-4141-5520).

The finance office receives a report from the tax office which lists all relevant data needed for setting this new asset up. Only include amounts marked "County". Once the cost is determined, an asset control number is assigned. This is the only time the tax parcel number is assigned to any fixed asset. Sales of this property are recorded in the

revenue account "Sale of Fixed Assets" (110-410-4131-6010). The Tax office should provide a list of properties sold and the amounts received. If this information is not received, contact the Tax Administrator or Assistant Tax Administrator.

7.0 Reconcilements

7.1 Monthly Reconcilements

7.1.1 FXASTRPT

Run FXASTRPT. This program lists all charges made to any 6000 OBJT code for the month. The totals on this report should be the same as the additions made to fixed assets on the FA102 RPT Report. If they do not equal, then reconcile and make correcting entries as necessary.

7.1.2 X004F

After assets have been keyed for the month, run the X004F. This report is a Statement of Fixed Assets and Depreciation by FA Type Within Fund. This report is compared to the A614. For each fund the following accounts are compared: 1710, 1720, 1730, and 1740. Amounts should equal except for the Enterprise Funds. A JV must be made to record these purchases. The debit is to the appropriate balance sheet account and the credit is to the Investment in F/A account (2801).

7.2 Yearly Reconcilement

Run FXASTRPT with date parameters covering the entire fiscal year. You will get a list of all fixed asset acquisitions during the year. Compare this figure to the reports from the Fixed Assets Subsystem:

X004GNHC Statement of Fixed Assets and Depreciation by "FA" Type within Fund Group for Notes.

X004FNHC Statement of Fixed Assets and Depreciation by "FA" Type within Fund.

X004 Statement of Fixed Assets and Depreciation by "FA: Type within Organization, Agency, and Fund.

X005 Statement of changes in Fixed Assets by Agency and Organization.

X011 Statement of Fixed amounts by Agency and Organization.

FA101RPT Fixed Assets Disposed and Transferred out by Organization.

FA102RPT Fixed Asset Additions, Transfers in and Changes by Organization

FA103RPT Fixed Asset Depreciation Listing.

Once all of the additions, disposals and transfers are in balance, then let Finance Director know so reports can be run for auditors.

Fixed Assets Custodian is responsible for working with the internal and external auditors in the preparation of the annual financial statements as they relate to fixed assets.

8.0 Other Considerations

8.1 Equity Distribution

Care must be exercised in this area when any new asset is recorded. Coordination with the Grants Coordinator will help to identify any new assets which are purchased with grant funds. The equity distribution screen on the fixed assets acquisition screen must show the proper distribution of funds for grant purposes. An example of this would be the purchase of an IBM computer for Health Department. If the cost was \$5,000 and a State Grant had paid forty (40%) percent of the cost, then an equity distribution of \$2,000 must be made to account number 2813 (Contributed Capital - State) and \$3,000 to account 2811 (Contributed Capital - Local).

8.2 Closing of Capital Projects

At the end of each fiscal year, the Grants Coordinator will inform you as to which capital projects are complete and ready to be entered on the Fixed Assets Subsystem. After you work up the cost to set up from the FXASTRPT report verify this amount with the Grants Coordinator. At this time, you can also verify the equity distribution amounts. Most times, the Capital Projects being closed will NOT be on the FXASTRPT; the amounts to be set up should be obtained from the Finance Director.

8.3 Donated Fixed Assets

When an asset is donated to the County, consult with the Finance Director to determine what value should be placed on the donated asset.

8.4 Installment Purchases

When this method is used to purchase a fixed asset, it will not appear on the FXASTRPT until the Finance Director makes a JV to record the asset. The acquisition method for all installment purchases is an "M". The institution providing the funding should be listed under "funding source".

9.0 Placement of Fixed Asset Tag on Equipment

The placement of the tag is important. Tags must be placed consistently and they must be accessible. It is important to know where to find a tag when verifying the asset record. For some items there is no good place to put tag, however, if and when tagging is used, it should be consistent.

The tag should be placed in an area where the number can be seen easily and identified without disturbing the operation of the item. This placement will allow for easy periodic inventory taking. However, in some areas tags are kept out of sight due to management's desire to create the best possible appearance. The following are some directions for tag placement.

9.1 Office Furniture & Equipment

1. Desks - inside the knee well on the right pedestal
2. Tables - under the top by right front leg
3. Chair - back side under seat
4. File - upper right hand corner by lock
5. Cabinets - upper right hand corner
6. Benches, sofas, etc. - under seat by right back leg
7. Credenzas - under top right side or right end close to top
8. Shelving Units - upper right hand corner (where practical)
9. Bookcase - upper right hand corner
10. Display Cabinets - right corner of base
11. Appliances - upper right corner on side
12. Typewriters - on back in the corner
13. Television - on back by manufacturer's I.D. plate
14. Projectors - (movie) - by manufacturer's I.D. plate
15. Tape and Cassette Recorders - by manufacturer's I.D. plate located either on back or underside
16. Slide and Film Strip Projectors - by manufacturer's I.D. plate located either on back or underside
17. Cameras - on bottom (avoid covering tripod mount and rewind release)
18. Telescopes - on body right side middle
19. Dictation Equipment - by manufacturer's I.D. plate on back or bottom
20. Check Signers and Protectors - by manufacturer's I.D. plate on back or bottom
21. Microfilm Equipment - by manufacturer's I.D. plate on back or bottom

9.2 Operating & Maintenance Equipment

1. Generators - by manufacturer's I.D. plate usually by controls
2. Air Compressors - by manufacturer's I.D. plate on side of base
3. Welders - Arc - upper right hand corner on front panel
4. Welders-Oxygen-Acetylene - on back of regulators
5. Pumps - on base or by manufacturer's I.D. plate
6. Hoist, Cranes, and Winches - by manufacturer's I.D. plate on hoist portion where accessible, where not, on main frame right side
7. Pipe Threaders - by manufacturer's I.D. plate on side of unit
8. Table Saws - by manufacturer's I.D. plate located on back side of base
9. Radial Arm Saws - by manufacturer's I.D. plate located on back right side of column
10. Drill Presses - by manufacturer's I.D. plate on side of head
11. Lathes - by manufacturer's I.D. plate located on head
12. Power Hand Tools - by manufacturer's I.D. plate (try to affix tag in a location that does not interfere with operation and does not receive heavy wear)
13. Paint Sprayers - by manufacturer's I.D. plate on compressor
14. Spray Guns - on gun portion not exposed to heavy wear
15. Band Saws - by manufacturer's I.D. plate on upper head
16. Jointers - by manufacturer's I.D. plate on back of jointer table
17. Shaper - by manufacturer's I.D. plate on back of base
18. Planer - by manufacturer's I.D. plate

19. Sanders - by manufacturer's I.D. plate usually on base of controls
20. Workbenches - under top right side
21. Radial Drills & Boring Machines - by manufacturer's I.D. plate located on drill head
22. Vacuum Cleaners - by manufacturer's I.D. plate located on motor housing
23. Buffers/Grinders - on motor by manufacturer's plate
24. Floor Buffers/Scrubbers - by manufacturer's I.D. plate located on side of motor
25. Drafting Machines - by manufacturer's I.D. plate located on table clamp
26. Drafting Tables - by manufacturer's I.D. plate front panel of base under side of top right corner
27. Hydraulic & Mechanical Presses - by manufacturer's I.D. plate located on frame
28. Steam Cleaners - by manufacturer's I.D. plate located by controls
29. Metal Shears - by manufacturer's I.D. plate located on machine base back side
30. Metal Formers - by manufacturer's I.D. plate on back side of machine
31. Sand Blasters - by manufacturer's I.D. plate on base of unit

9.3 Kitchen Equipment (Appliances)

1. Mixers - by manufacturer's I.D. plate
2. Ranges - upper right side of range
3. Ovens - upper right side of oven
4. Food Warmers - by manufacturer's I.D. plate or upper right corner
5. Dishwashers - by manufacturer's I.D. plate or upper right corner
6. Slicers - Food - by manufacturer's I.D. plate or back side away from cutting blade
7. Choppers - by manufacturer's I.D. plate
8. Washing Machines - upper front corner of right panel
9. Dryers - upper front corner of right panel
10. Serving Counters - upper right corner on serving side
11. Refrigerators - upper front corner of right panel
12. Carts - on frame right side

9.4 Laboratory & Test Equipment

1. Stills - by manufacturer's I.D. plate
2. Meters - on back panel
3. Centrifuges - by manufacturer's I.D. plate located on base
4. Spectrophotometers - by manufacturer's I.D. plate
5. Hardness Testers - by manufacturer's I.D. plate located by controls
6. Electronic Equipment - by manufacturer's I.D. plate located by controls
7. Power Supplies - by manufacturer's I.D. plate located on back; if not accessible, tag on face panel upper right corner
8. Lab Ovens & Dryers - by manufacturer's I.D. plate located on lower front panel
9. Sound Generators - by manufacturer's I.D. plate
10. Oscilloscopes - by manufacturer's I.D. plate usually located on front panel

9.5 Automotive Service Equipment

1. Wheel Balancers - by manufacturer's I.D. plate on base of controls
2. Wheel Alignment Units - by manufacturer's I.D. plate located on major component (i.e., Hunter Unit - located on cabinet)
3. Parts Cleaner - by manufacturer's I.D. plate on right side exterior
4. Power (Hydraulic, Electric or Pneumatic) Lifts - by manufacturer's I.D. plate located on pump unit
5. Lubrication Equipment - by manufacturer's I.D. plate located on pump
6. Brake Service Equipment - by manufacturer's I.D. plate located on face of unit
7. Tire Changers - by manufacturer's I.D. plate located on base
8. Service Jacks - by manufacturer's I.D. plate located on base or center column
9. Valve Refacers - by manufacturer's I.D. plate on unit
10. Valve Seat Grinder Sets - by manufacturer's I.D. plate located on major unit
11. Battery Chargers - by manufacturer's I.D. plate located on front or side panels
12. Engine Analyzers - by manufacturer's I.D. plate located on main unit
13. Distributor Tester - by manufacturer's I.D. plate on back panel
14. Generator Regulator Tester - by manufacturer's I.D. plate located on back panel
15. Dynamometers - by manufacturer's I.D. plate located on control
16. Paint Spray Booths - by manufacturer's I.D. plate located on right side panel