Appalachian State Fixed Assets
Departmental Training

Purpose of This Session

Requirement of the business process compliance standards
Provide Information for new employees (or new to this position)
Refresher
Discuss some recurring issues
Provide some new information for everyone

What is a Fixed (Capital) Asset?

A capital asset is property, such as land, land improvements, easements, buildings, equipment, works of art and historical treasures, and infrastructure, with a cost equal to or greater than $5,000 and a useful life of two or more years.

Capital assets are acquired for use in normal operations and are not for resale. (Office of the State Controller Website).

OSC Physical Inventory Policy

A physical inventory of capitalized and inventoried fixed assets is taken to verify that assets recorded are physically located in an agency. Inventories are taken at least annually.

OSC Physical Inventory Policy (continued)

The inventory is taken by someone who does not have custody of the assets, nor responsibility for receiving, checking in, tagging, and recording the assets (see Separation of Duties).

OSC Physical Inventory Policy (continued)

If a capitalized or inventoried asset is missing at inventory, the Missing Asset Form is completed to document the reason for the missing asset (see Missing/Stolen Assets).
GASB 51

Intangible assets of State agencies and component units should be capitalized according to the following thresholds:

$1,000,000 – Internally generated computer software (application development costs only)

$100,000 – All other intangible assets (including purchased or licensed computer software)

GASB 51

Common Types of Intangible Assets

- Computer software
  - Purchased or licensed
  - Internally generated
- Websites
- Easements
- Land use rights (e.g., water, timber, and mineral rights)
- Patents, copyrights, and trademarks

GASB 51

If you become aware of an asset in your department that may qualify, contact Roger Brandon at X2500.

GASB 51 is a complex statement and assets will need to be considered on a case by case basis by fixed assets personnel.

ASU Physical Inventory Process

What?

A list of assets for each department accompanied by a memorandum of instructions.

When?

Once annually, sometime in the spring semester.

Who?

1. Departmental administrative personnel or other individual designated by the department
2. Someone who does not have custody of the department’s assets
ASU Physical Inventory Process

Why?
1. Good stewardship and safeguarding of state-owned assets (applies to ALL University owned assets)
2. Compliance with the Office of the State Controller and the North Carolina Office of the State Auditor

How?
Physical verification of asset, asset tag number, and location of all departmental assets by designated departmental personnel

Issues
1. Checking off items without verification
2. Some signatures on inventories are not legible
3. Inventory not completed by due date

Issues (continued)
1. Checking off items without verification
   a. Inaccuracies
      - fixed assets system
      - financial statements
   b. Spot checks
      - Fixed Assets Personnel (business process compliance standards)
      - State Auditors and Internal Auditors
   c. Increased risk of loss of state/ASU owned assets
   d. Potential for audit finding

Solutions:
- Personnel must actually physically locate the item and verify tag number and location.
- Do not make assumptions based on previously seeing the item or it being checked off on a previous inventory!
Examples of an Asset Tag

ASU Physical Inventory Process

Issues
2. Some signatures on inventories are not legible
   a. Who to contact with questions?
   b. Who conducted inventory?
   c. Who approved?

ASU Physical Inventory Process

3. Inventory not completed by due date
   a. Data from reports needed to update fixed assets system
   b. At fiscal year end, FAS must be balanced to Banner Finance
   c. Year end reports
   d. CAFR
   e. Financial statements

Other Important Fixed Assets Procedures

Changes in location of an asset
   Surplus procedure
   Missing or lost assets procedure
   Procedure for stolen assets
   Approval for off campus use of assets

Movable Equipment Form

Changes in Location of an Asset

Complete Movable Equipment form
(Use for more permanent changes in location or transfers to another department)
Send a copy to Deborah Wood
**Surplus Procedure**

Complete Movable Equipment Form  
Check “Sent to Surplus”  
Send asset to Warehouse along with completed Movable Equipment Form  
Warehouse will provide form to Fixed Assets  
Note: Applies to ALL University owned assets (not just fixed assets)

**Missing or Lost Assets Procedure**

Complete Movable Equipment Form  
Check “lost” on form  
Important to provide explanation on form  
Send completed form to Deborah Wood  
Continue to search for asset, and if found, complete another form  
Check “Other” and indicate asset has been found in explanation at bottom

**Procedure for Stolen Assets**

Same procedures as lost items except complete these additional steps:

1. File report with campus police  
2. Send copy of police report to Deborah Wood

**Surplus Procedure**

All fixed assets disposals MUST go through the Central Warehouse. Departments should not dispose of any asset themselves.

Exceptions can be made ONLY with written approval from the Warehouse.

**Missing or Lost Assets (continued)**

If asset is missing for 2 inventory cycles, item will be removed after signature from Associate Vice Chancellor of Business Affairs

**Missing or Stolen Assets (Sensitive Data)**

If an asset containing sensitive data is determined to be missing or lost, contact the Fixed Assets office to determine if additional steps are needed.
Approval of Off Campus Use of Assets

Removing University assets from campus for more than 30 days requires written approval from a department Chair using the form “Approval of Off Campus Use of University Assets”.

The form can be found under the online forms tab on the fixed assets website.

Other important issues

Assets purchased with grant funds
Fabrications
Trade ins
Replacements
Fully depreciated assets

Assets Purchased with Grant Funds

Items identified by:
   a. Notation of “grant funded” on inventory list
   b. Red “Grant funded” tag on asset

If movable equipment form needs to be completed for any asset funded by grants, contact Special Funds Accounting. Federal guidelines require additional steps.

Fabrications

Assets created (built) by a department using purchased component parts
Costs must be tracked on these types of projects and must be reported to Fixed Assets personnel if the cost of all components and labor exceeds the $5,000 threshold
An asset tag will be issued to the department and it will be added to the departmental inventory if the fabricated item is verified as a fixed asset.

Trade Ins

1. Contact the Fixed Assets Office with trade in proposal
2. Fixed Assets will submit proposal to State Surplus for approval
3. Once approved, complete and send the moveable equipment form to Fixed Assets
Replacements

If an asset is replaced by the manufacturer:
1. Provide new serial number to Fixed Assets personnel via email or campus mail.
2. Apply a replacement fixed assets tag using a mailing label or other method in a location that is easy to verify.
3. Write asset number on the new tag using a permanent marker.

Issue of Fully Depreciated Assets

Recent emphasis by state auditors
Active assets with book value of zero
Active assets approaching book value of zero
Still in use?
If so, how many more years?
Need best educated guess from user
If not still in use, need to surplus item

Websites

ASU Fixed Assets Website
http://www.fixedassets.appstate.edu/

Office of the State Controller
https://files.nc.gov/ncosc/documents/Policies/102.1_Capitalization_Classification_Policy.pdf

Contact Information

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QUESTIONS?