FA-21 Partial Retirements vs. Negative Cost Adjustments

Purpose

The purpose of this Quick Reference Guide (**QRG**) is to provide a step-by-step explanation on how and when to perform partial asset retirements and negative cost adjustments in the North Carolina Financial System (**NCFS**).

Introduction and Overview

This QRG explains how and when to perform partial asset retirements and negative cost adjustments. When an asset's cost is decreased aside from depreciation, either a Partial Retirement or a Negative Cost Adjustment is required.

- Partial Asset Retirement
    - Used when a portion of the asset leaves service.
    - Can be due to an end of useful life, sustaining damage enough to terminate use of a portion, surplus/sale of a portion of the asset, or other reasons.
    - For example, a permanent toolbox attached to a truck is damaged and needs to be removed but not replaced.

- Negative Cost Adjustment
    - Used when the value of the asset decreases but the entire asset stays in service.
    - Can be due to incorrect initial valuation or other reasons.

- For example, a truck was originally added as an asset with a value of $500,000 but should have been entered with a value of $50,000.

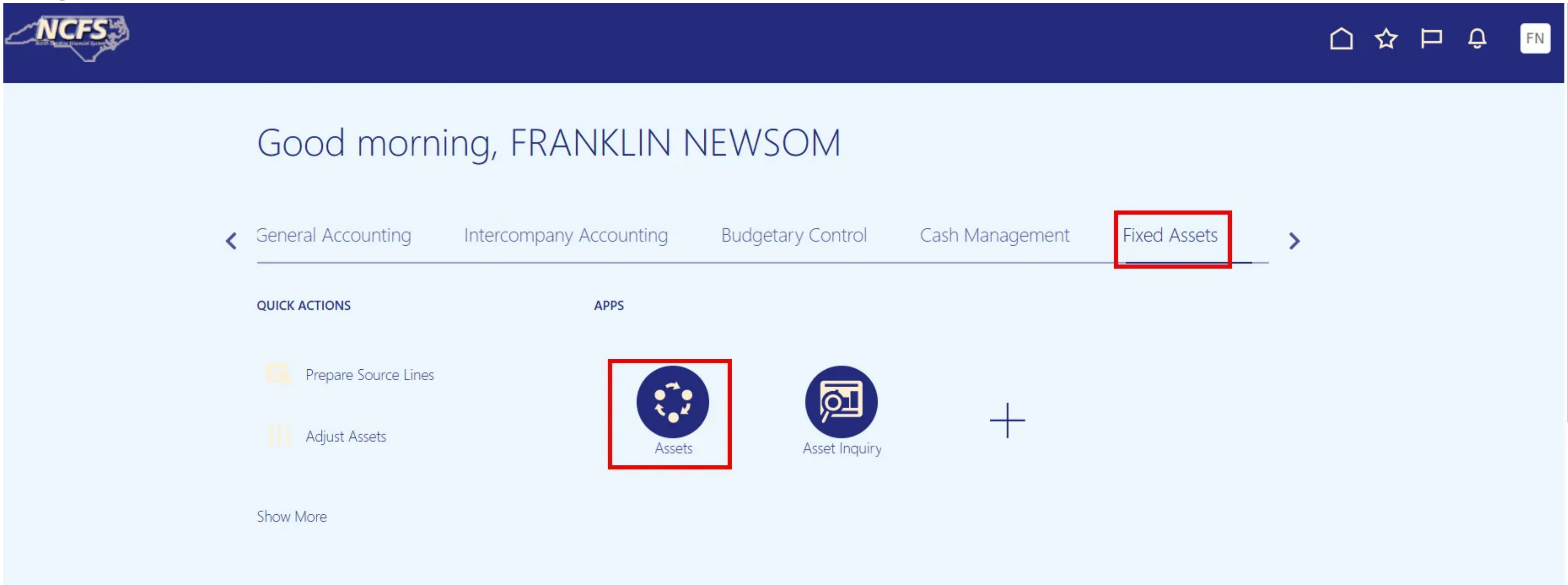
Partial Asset Retirement

To perform a partial asset retirement, please follow the steps below. There are 9 steps to complete this process.

Step 1. Log in to the NCFS portal with your credentials to access the system.

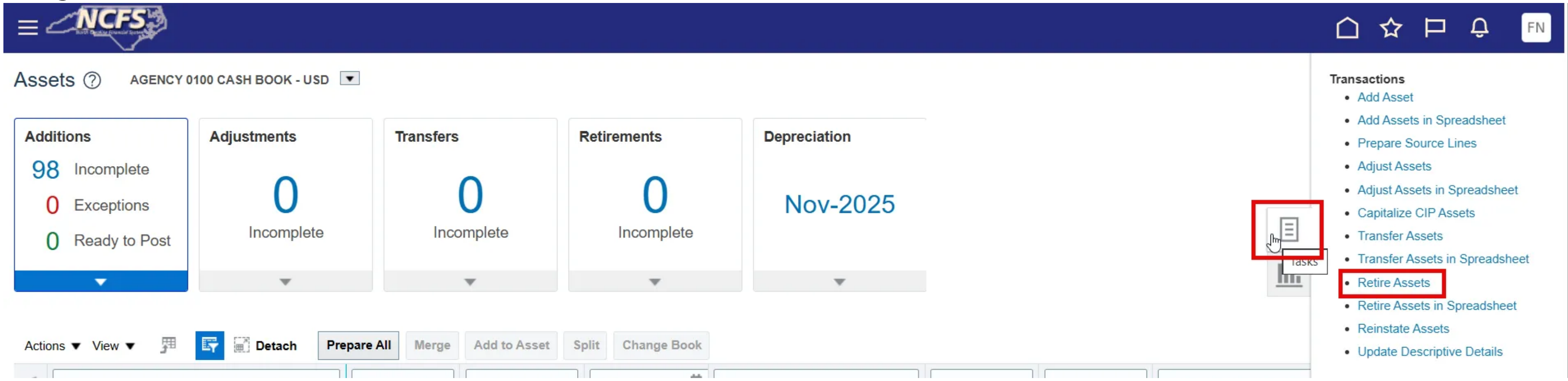
Step 2. On the **Home** page, under the **Fixed Assets** tab, click the **Assets** app.

Image



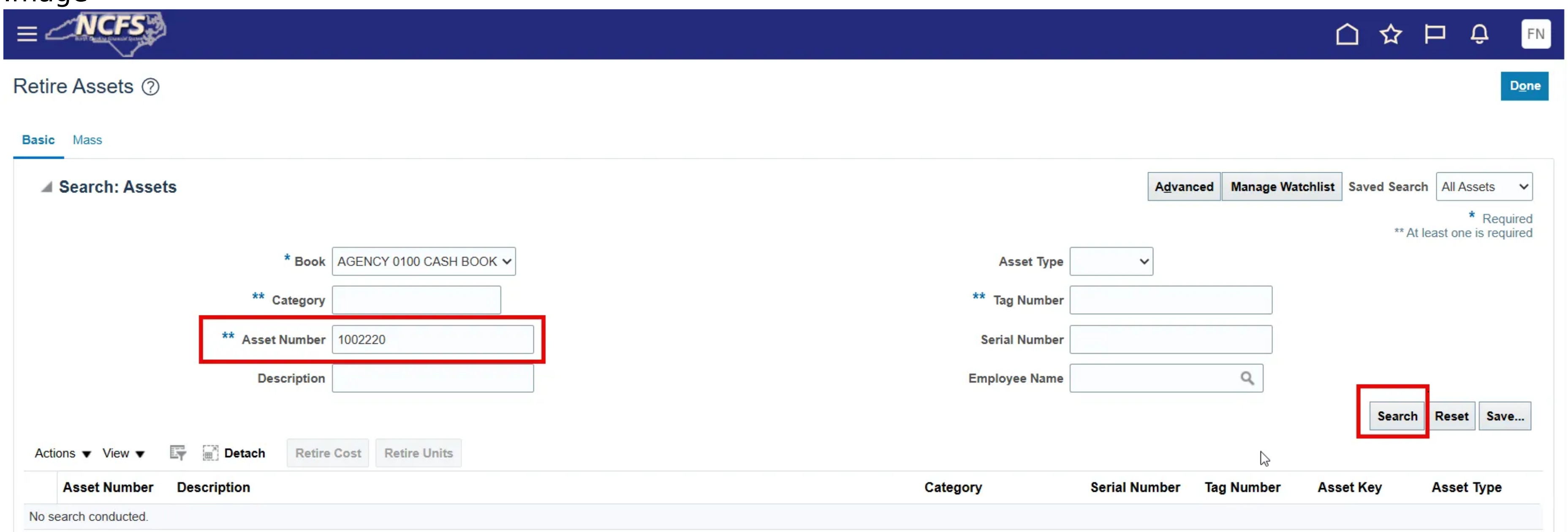
Step 3. On the **Asset Dashboard** page, open the **Tasks** list and click **Retire Assets**.

Image



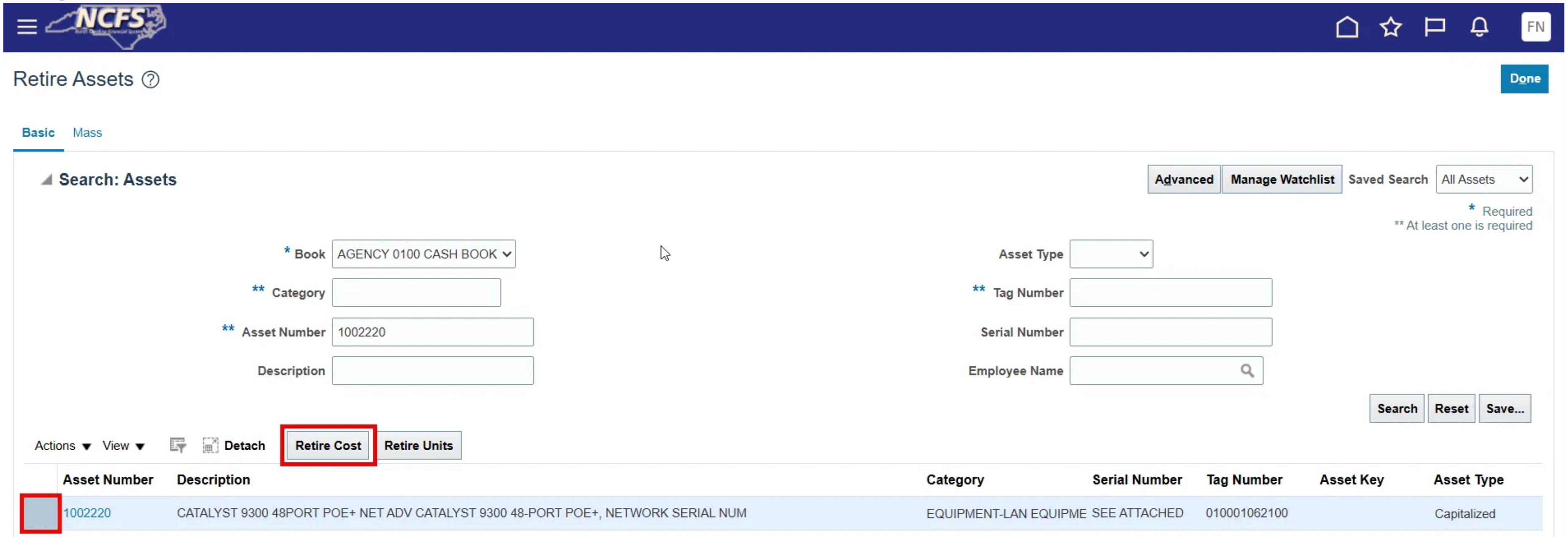
Step 4. The **Retire Assets** page will open. On this page, search for your asset.

Image



Step 5. Select your asset line (blue highlight) and click the **Retire Cost** button.

Image



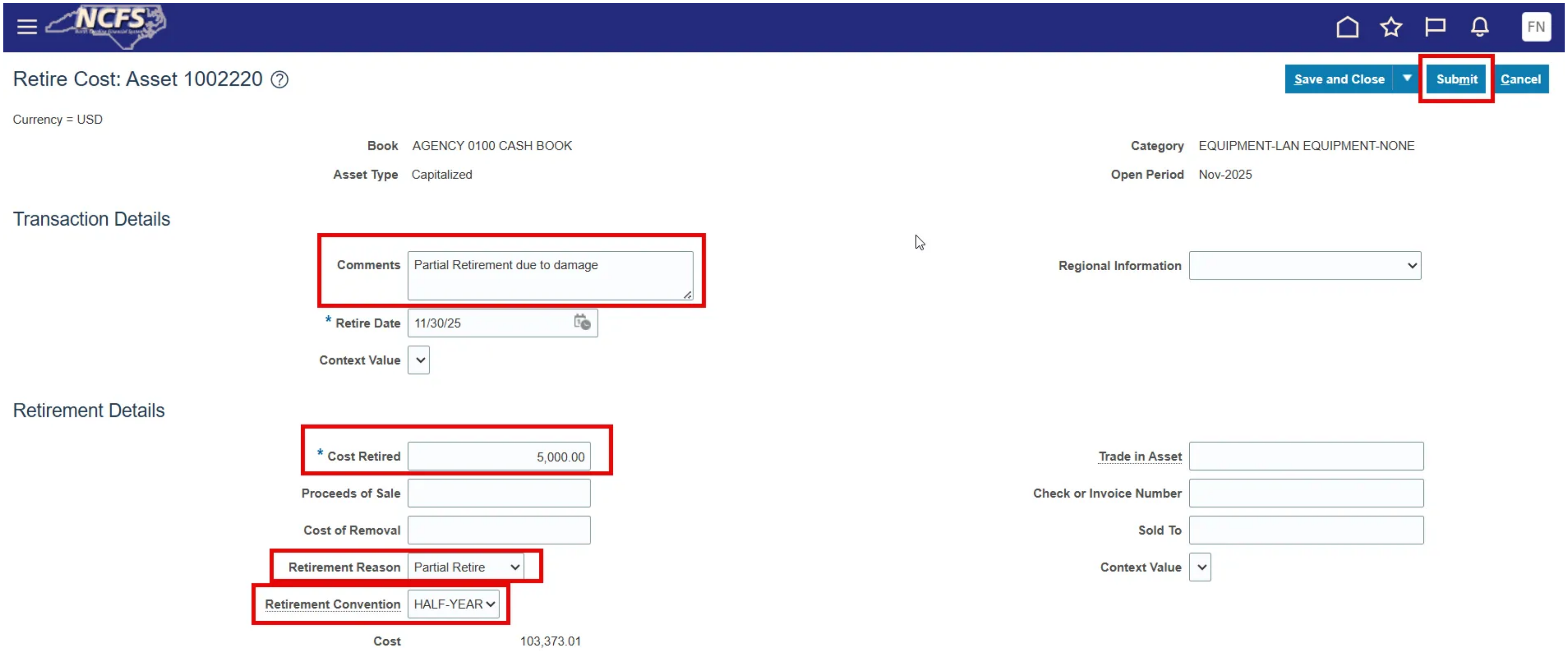
Step 6. Enter the cost to be retired in the **Cost Retired** field. For a partial retirement this number represents the cost removed from the total value.

Step 7. Choose the **Retirement Reason** of Partial Retire from the Retirement Reason drop-down list.

Step 8. Add **Comments** and ensure the **Retirement Convention** is set to Half-Year, the state-standard convention.

Step 9. Lastly, click the **Submit** button to complete your Partial Retirement.

Image



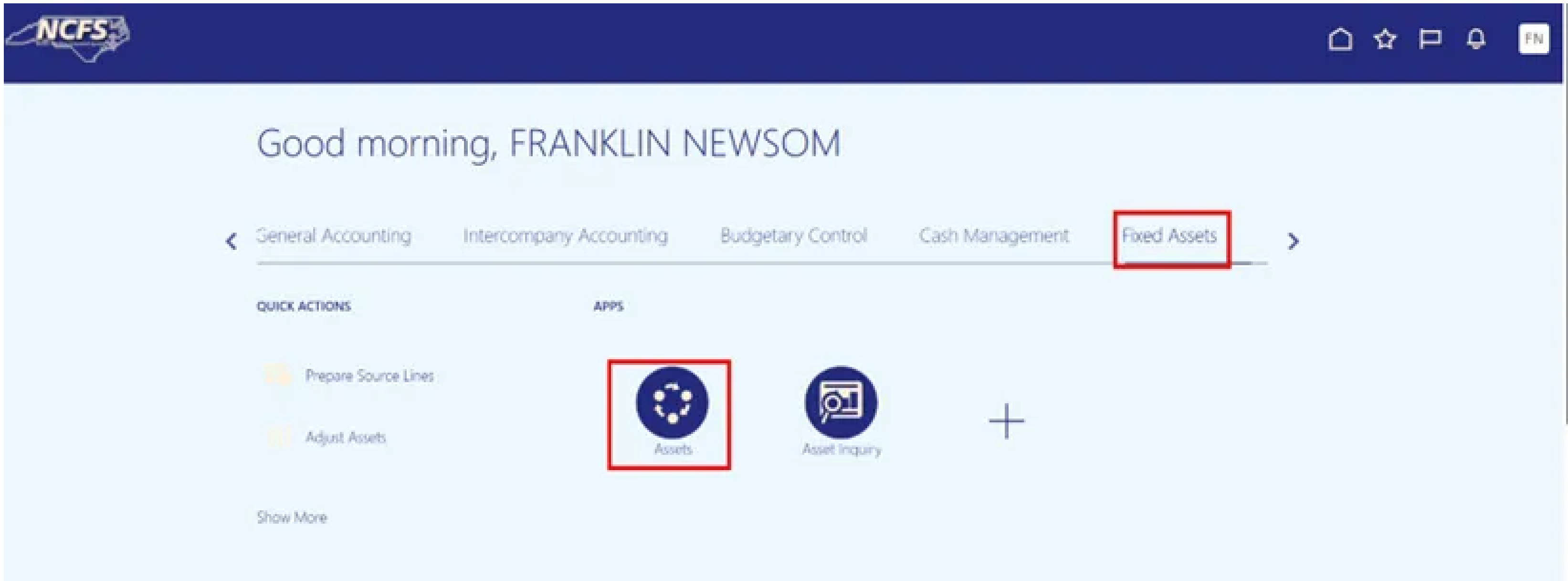
Negative Cost Adjustment

To perform a negative cost adjustment, please follow the steps below. There are 8 steps to complete this process.

Step 1. Log in to the NCFS portal with your credentials to access the system.

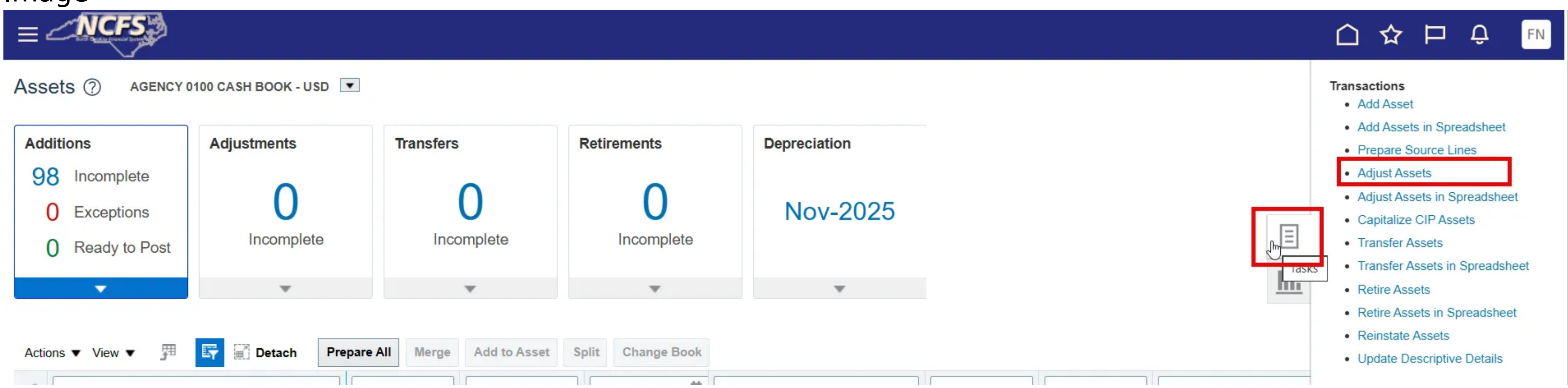
Step 2. On the **Home** page, under the **Fixed Assets** tab, click the **Assets** app.

Image



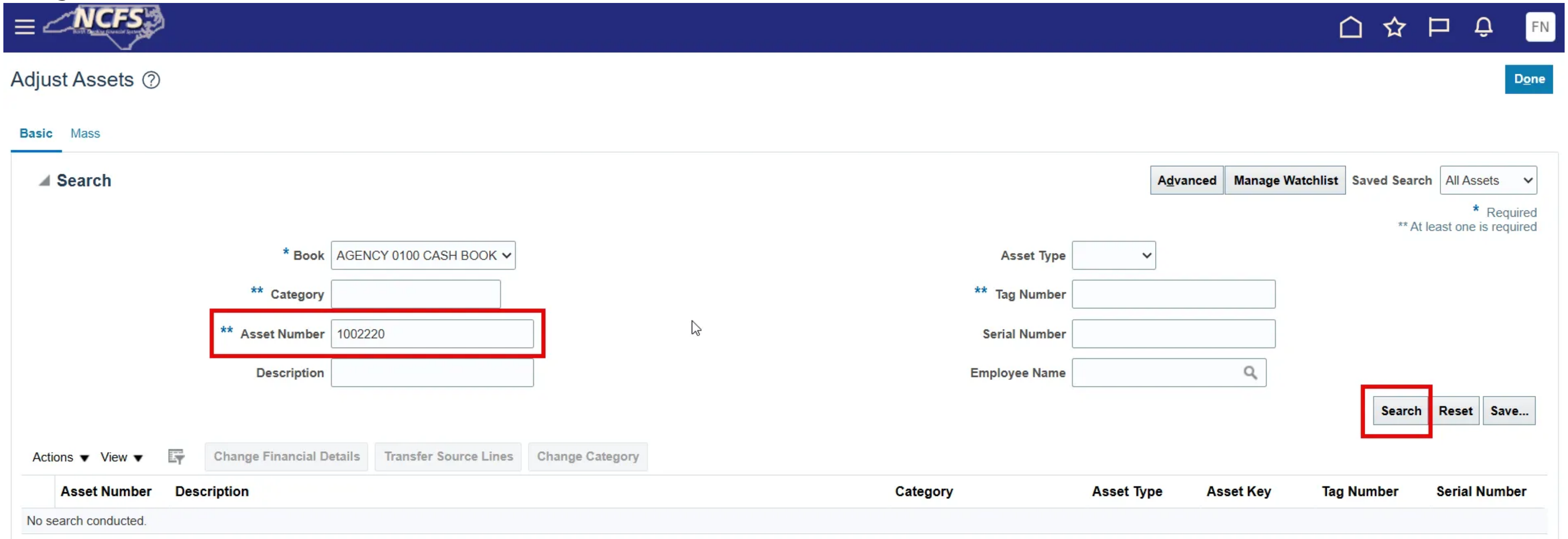
Step 3. On the **Asset Dashboard** page, open the **Tasks** list and click **Adjust Assets**.

Image



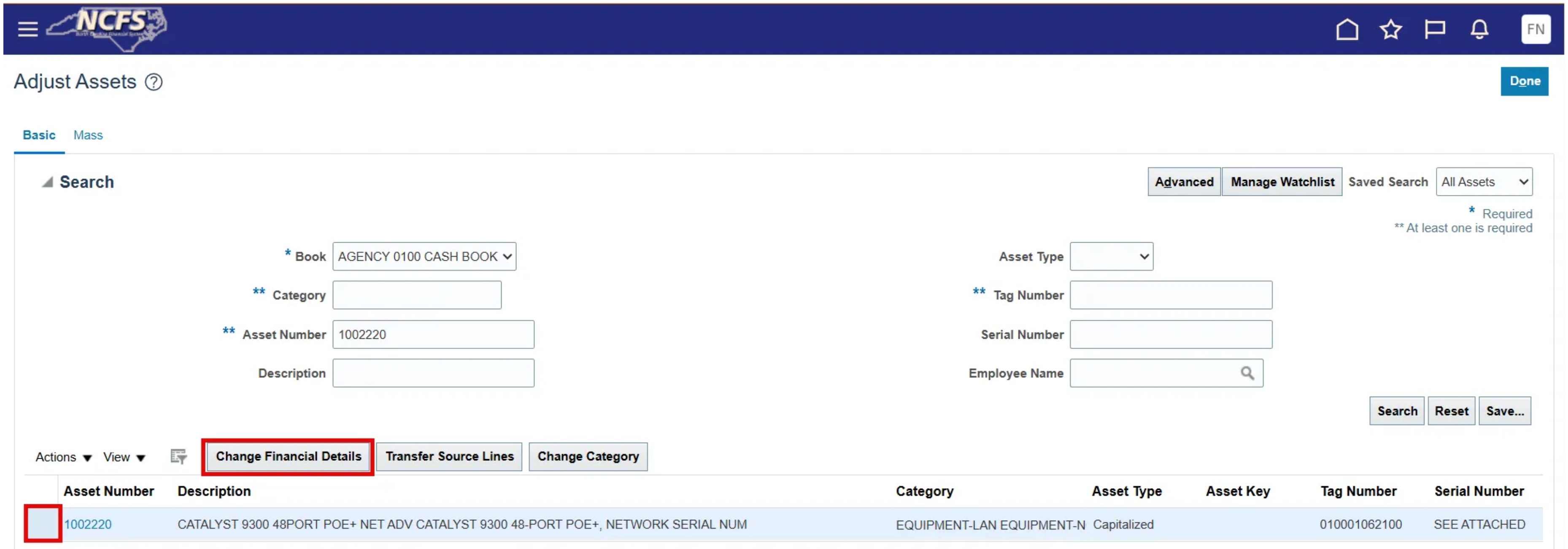
Step 4. The **Adjust Assets** page will open. On this page, search for your asset.

Image



Step 5. Select your asset line (blue highlight) and click the **Change Financial Details** button.

Image



Step 6. Enter the new total value in the **Cost** field. For a negative cost adjustment this number represents the new total value.

Step 7. Add **Comments** and ensure the **Prorate Convention** is set to Half-Year, the state-standard convention.

Step 8. Lastly, click the **Submit** button to complete your Negative Cost Adjustment.

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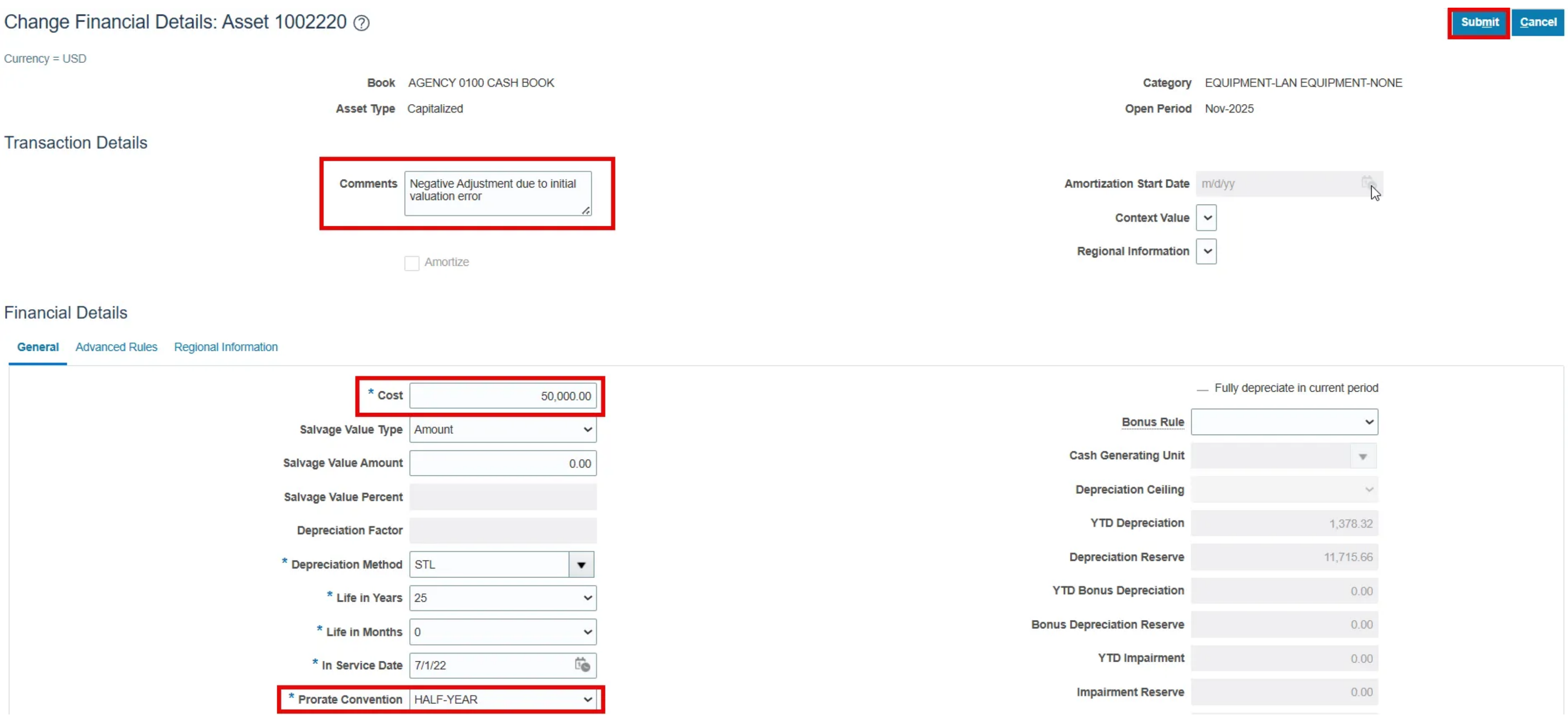

Wrap-Up

Understand when and how to perform a Partial Retirement or Negative Cost adjustment using the steps above.

Additional Resources

- Virtual Instructor-Led Training (vILT)
  - FA100: Asset Manager

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