



GRAY DAVIS

Controller of the State of California

February 5, 1992

Ms. Angela L. Hou, Chief
Division of Audits
County of San Joaquin
24 S. Hunter Street, Room 103
Stockton, California 95202

Dear Ms. Hou:

This letter is in response to your request for assistance as to how to account for your new work stations and how to claim these costs against Federal/State programs.

Your work stations which are made up of individual parts such as panels, bolts, shelves, etc. should be capitalized if the total cost of a work station meets your county's defined significant value. Chapter 15, Section 15.05 of the Accounting Standards and Procedures for Counties Manual defines significant value as a minimum value of \$100 to \$1,000 as established by the County Auditor. Individual items of minor amounts subsequently added to work stations that do not meet the county's significant value criteria should be expensed.

If the work stations are capitalized, they should be recorded by department and at your discretion each work station could be inventoried by individual part.

Your question concerning the claiming procedures for these costs should be addressed to:

Department of Social Services
Fiscal Policy and Procedures Bureau
Administrative Policy Unit
744 P Street, MS 8-100
Sacramento, California 95814

If you have any further questions, please contact Phillip Gee at (916) 322-9890.

Cordially,

GRAY DAVIS, STATE CONTROLLER

By 
Richard Alway, Chief
Bureau of Accounting and Budgeting



OFFICE OF THE AUDITOR-CONTROLLER

SAN JOAQUIN COUNTY

24 S. HUNTER STREET - ROOM 103
STOCKTON, CALIFORNIA 95202
TELEPHONE (209) 468-3925

ADRIAN J. VAN HOUTEN
AUDITOR-CONTROLLER

January 21, 1992

Mr. Dick Alway, Chief
Bureau of Accounting & Budgeting Procedures
Division of Local Government Fiscal Affairs
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5876

Dear Dick:

This letter is to request your assistance to determine how system furniture and fixtures can be priced, inventoried, and claimed against Federal/State programs.

Recently, when the County was preparing to move the County Human Services Agency to a newly constructed building, the County bought numerous parts from a vendor or vendors and used them to install various work-stations (System furniture). The invoices were documented and priced by individual parts, such as hundreds of panels, bolts, shelves, etc.. The cost of each item on the invoice was small, however, the total cost of all items amounted to millions of dollars. As a result, we are not sure of the following:

1. How do we account for these items? Should we capitalize them?
2. If we cannot capitalize them, are we allowed to claim the total costs against the Federal/State programs as soon as we made payments to the vendors?
3. If we should capitalize them, how should we record them in the fixed assets inventory records?

In accordance with our contract with the vendors, the numerous items were purchased to accommodate several types of work-stations. We are able to account for the number of stations installed by type. With the

Mr. Dick Alway, Chief
January 21, 1992
Page Two

assistance of vendors, we are able to estimate the cost per station by type. Any difference between the estimated total costs of the stations by type and the total payments to the vendors can be applied across-the-board. Under this method, the stations by type can be easily recorded in the fixed assets inventory records. Certainly, it is likely that the stations may be reassembled and, therefore, lose the identity of the fixed assets. Again, our main concern is how to claim the costs in a acceptable manner.

Please advise us about the accounting and claiming procedures under this new method of acquiring and installing furniture and equipment. Thank you for your assistance. If you need more information, please do not hesitate to call Angela Hou at 209-468-3925.

Sincerely,

Adrian J. Van Houten
Auditor-Controller

by 
Angela L. Hou
Chief-Division of Audits

jj
c: Donald Etzler, Bureau of County Cost Plans
Gerald Nolan, Bureau of County Cost Plans ✓