

**LAWRENCE COUNTY,
TENNESSEE**

CAPITAL ASSET

**POLICIES &
PROCEDURES MANUAL**

FIRST EDITION
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§ 1 - Purpose

The purpose of this policy is to provide guidelines for the control and reporting of capital assets purchased, constructed or otherwise acquired by Lawrence County (the “County”) in accordance with Governmental Accounting Standards. Further, this policy shall provide the framework for financial reporting in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.

§ 2 - Scope and Applicability

These policy and procedures shall apply to all departments and constitutional offices of Lawrence County. These policy and procedures shall not apply to the Lawrence County Board of Education. However, it is expected that the policies and procedures adopted by the Lawrence County Board of Education shall correlate with this policy for purposes of financial reporting in accordance with Governmental Accounting Standards.

This policy applies to all capital assets purchased, constructed or otherwise acquired by the County. Capital assets shall include but are not limited to land and land improvements, buildings, building improvements, vehicles, construction in progress, machinery and equipment, furniture and fixtures, easements, roads, bridges, and other infrastructure. Infrastructure assets are long-lived capital assets that normally can be preserved for a significant greater number of years than most capital assets and that are normally stationary in nature. Examples include roads, bridges, tunnels, drainage systems, water systems, and dams. Infrastructure assets do not include buildings, drives, parking lots or any other examples given above that are incidental to property or access to the property.

§ 3 - Responsibilities

The Office of Accounts & Budgets shall administrate these policies and procedures under the direction of the Budget Committee. Purchasing, accounting and reporting functions related to capital assets shall be performed by the Office of Accounts and Budgets under the direction of the Director of Accounts and Budgets and Purchasing Agent.

However, full cooperation from all departments and constitutional offices of Lawrence County in the implementation of these policies and procedures is essential to effective internal control and reporting in accordance with Governmental Accounting Standards. Further, each department head and constitutional official shall be responsible for the proper physical control over all assets acquired and held by his/her office.

Specific Responsibilities

- A. County Department and Offices
 - 1. Designate a knowledgeable employee as Property Coordinator. The name of this individual shall be submitted to Office of Accounts and Budgets for

direct communication purposes. The Property Coordinator shall be responsible for maintaining internal control over department inventory records and acting as the department's liaison with the Office of Accounts and Budgets.

2. Allow Budget Office personnel access to all records necessary to aid in the determining of proper accounting and reporting of capital assets.
3. Assist the Budget Office with the maintenance of a listing of capital assets for which the department or office is held responsible.
4. Assist the Budget Office with the timely identification and tagging of newly acquired property and equipment.
5. Report the theft of property, immediately to the Sheriff's Department. The loss of property should be reported to the Director of Accounts and Budgets in the manner prescribed in this policy.
6. Provide timely notification of any assets deemed to be surplus or damaged to the Director of Accounts and Budgets in a manner prescribed in this policy.
7. Provide requests for transfers of property and equipment to the Director of Accounts and Budgets in a manner prescribed by this policy.
8. Provide assistance to the Director of Accounts and Budgets during the performance of periodic inventories.
9. Respond timely to audit inquiries made by the Director of Accounts and Budgets in conjunction with periodic inventories and maintenance of capital asset records.

B. Office of Accounts and Budgets

1. Maintain inventory listing of all assets held by the County as described in § 2 of this policy.
2. Tag all newly acquired assets as determined by this policy and input all relative information into the capital asset database and records of the County.
3. Process capital asset dispositions upon proper approval by the Budget Committee, including the removal of all County insignia and identification tags prior to asset disposal or sale.
4. Conduct periodic audits and physical inventories of all departments and offices to ensure compliance with these policies and procedures and proper accountability. Also, provide results of such audits and inventories to department heads and officials and the Budget Committee.
5. Ensure proper accounting and reporting of capital assets in accordance with Governmental Accounting Standards.
6. Assist the State Comptroller's Office, Division of County Audit with year-end audit procedures related to capital assets and financial reporting.

C. Budget Committee

1. Assist the Director of Accounts and Budgets with enforcement of these policies and procedures.
2. Approve all declarations of surplus or damaged equipment.

§ 4 - Accounting Policies

Capitalization

All capital assets purchased, constructed or otherwise acquired shall be capitalized in accordance with Governmental Accounting Standards subject to the criteria detailed below.

Items Subject to Capitalization

- All real property, including land and buildings.
- All land and building improvements that do not constitute repairs and maintenance.
- All roads and bridges.
- Machinery, equipment, furniture and fixtures subject to the dollar value and life expectancy criteria listed below, including equipment acquired through capital lease arrangements.
- Construction in Progress.

Capitalization Threshold for Machinery, Equipment, Furniture and Fixtures

All items with an original value of \$10,000 or more and a life expectancy of more than one year shall be capitalized. Original value shall be determined as follows. Capital assets shall be recorded at historical cost or if the cost is not reasonably determinable, at estimated cost. Donated capital assets should be recorded at their estimated fair value at time received.

1. Actual Cost – this will include not only the purchase or construction cost (which can be obtained through invoice, purchase order and warrant paid files) but also charges necessary to place the asset in its intended location. This includes costs such as freight and transportation, site preparation expenditures, professional fees and legal claims directly attributable to asset acquisition.
2. Estimated Cost – this will be based on as much documentary evidence that can be found to support the cost such as interviews with personnel and price level adjustments for each asset.
3. Donated Cost – these assets will be based on their estimated fair value at time of acquisition. A determination as to the fair value basis will be included with property records.

Controllable Assets

Controllable assets are assets which do not meet the capitalization threshold but which shall be tagged and inventoried for control purposes. Due to their nature, these assets may be particularly susceptible to theft or misappropriation. Examples of such items include computers and peripherals; fax machines, adding machines, copiers, weapons,

bulletproof vests, scanners, radios, televisions, VCR's and DVD players, and other equipment or items.

Exception

Groups or classes of assets where individual asset items are less than the capitalization limit, but when all assets of that group are added together the dollar amount far exceeds the capitalization limit. These groups or classes should be capitalized and depreciated. An example is library books in a public library. See § 10 that addresses the capitalization policy for the Library.

Identification and Tracking of Individual Assets

A bar-coded tag clearly identifying the item as County property shall be affixed to all qualifying assets. The bar code shall use a standard UPC format as to permit scanning by an electronic optical reader. This bar-coded tag is preferred in the case that the Budget Committee elects to adopt the electronic optical reader tracking method.

A record of each qualifying asset shall be maintained in the capital asset database. Each record shall include the following: description, location, acquisition date, expected life, original value, and any other information deemed appropriate by the Director of Accounts and Budgets.

Reconciliation of Capital Asset Records

The cutoff for the capital asset records shall be may 30th of each fiscal year. This will permit the Director of Accounts and Budgets to close the books at year-end in a timely manner. It is expected that the amount of assets placed in service during the month of June and the related depreciation will not be material to the financial statements.

The capital asset database and related records shall be reconciled to the general ledger at least quarterly.

§ 5 - Use of County-owned Property and Equipment

County-owned property and equipment is to be used only by County employees in their performance of County business and assigned duties. County-owned property shall not be used by employees for their own personal use and shall not be lent to non-employees or outside organizations. It is contrary to County policy for anyone to remove County property and equipment from County premises for any propose other than County business without advance authorization from the County Legislative Body, County Mayor or other appropriate oversight body.

§ 6 - Surplus Property

The following shall be the procedures for declaring and handling surplus property:

1. The department should submit Form F-3, Acquisition/Disposition Form to the Director of Accounts and Budgets. **Tags are not to be removed at this time.**
2. The Director of Accounts and Budgets will submit items to the Budget Committee for the purpose of declaring them surplus.
3. Approved surplus items shall be appropriately identified as such in the capital asset database and records of the Office of Accounts and Budgets. Also, the Director of Accounts and Budgets shall remove the County identification tags.
4. As Tennessee Code Annotated provides, (T.C.A. 49-6-2007) the County should sell all surplus to the highest bidder after advertising in a newspaper of general circulation at least seven (7) days prior to the sale.
5. Surplus property, which has no value or a value less than two hundred fifty dollars (25) may be disposed of without the necessity of bids as required by the T.C.A. However, the Director of Accounts and Budgets and the Budget Committee must agree in written form that the property is of no value or valued less than \$250.
6. The bidder is responsible for removing the equipment from the premises within ten days of award notification. If the property does not sell, the County will dispose of or destroy the equipment.

§ 7 - Theft of Property

Any theft of property must be reported immediately upon discovery to the Sheriff's Department. The department should also promptly notify the Director of Accounts and Budgets by phone and complete Form F-3, Acquisition/Disposition Record. A copy of the officer's report should accompany Form F-3. The Director of Accounts and Budgets shall take appropriate action for removal of the stolen property from the capital asset database and shall report the theft to the Budget Committee in connection with periodic inventory results.

§ 8 – Roads and Bridges

The roads and bridges that are owned and/or maintained by Lawrence County fall under the responsibility of the County Roads Superintendent. The Superintendent's office is the Lawrence County Highway Department. The Highway Department is audited separately by the State Comptroller's Office.

The Director of Accounts and Budgets will receive the Highway Department's road and bridge books whenever they are updated, and will keep an inventory listing on the capital asset inventory program. Aside from spot-checking a representative sample of roads and bridges for the accuracy of dimensions and for the presence and legibility of bridge serial numbers, the Director of Accounts and Budgets will not do any detailed inspections, as the state inspectors inspect every road and bridge every year.

The Highway Department's inventory does not include any construction cost estimates. The Office of Accounts and Budgets listing must include cost estimates for assets when actual costs are not available.

Cost estimates for bridges and roads will be calculated in accordance with a separate schedule of rates by road and bridge classification that is acceptable to the State Comptroller's Office. The Budget Committee shall approve this schedule of rates.

The problem inherent to estimating the cost of building roads is that construction costs change constantly. Some of the roads in Lawrence County were initially built decades ago. Older roadways have been resurfaced dozens of times, had old surfaces scraped off, had roadbeds widened, had their courses changed, and the like. In short, every road has its own complex history which makes calculating an exact actual cost impossible.

Roads must be resurfaced and generally maintained periodically. These estimates are based only on current construction costs, but the problem is somewhat alleviated by the fact that almost all roads have been resurfaced in the recent past. The result is a necessary mix between historical costs and replacement costs.

Only bridges with a 20' span-length or greater will be inventoried. Bridges that have less than a 20' span-length are considered in the road cost estimates. Bridges, unlike roads, are not constantly renovated or maintained. Consequently, the cost estimate should then be based more on the historical cost of construction. When historical cost is not readily available, an average cost method may be utilized. Estimates for subsequent years will be received from the State Highway Department before each Office of Accounts and Budgets inventory update so that new bridges can be added at then current costs.

§ 9 – Inventory Procedures

Periodic Inventories

Generally, all County locations shall be inventoried at least once annually. Sites shall be inventoried on a rolling schedule throughout the year. The Office of Accounts and Budgets may at its discretion publish a calendar of tentatively scheduled inventories by location. Dates on the schedule are subject to change depending upon staffing availability. Generally, sites should be notified at least one week prior to the scheduled inventory date.

Each department's property custodian shall assist the inventory team in identifying and locating qualifying assets. Further, the property coordinator shall, upon request, provide support for property acquired, declared surplus, transferred, or disposed since the last inventory.

Within thirty (30) days of completing the site inventory, the Director of Accounts and Budgets shall furnish preliminary audit results to the department head or official. The department head or official must respond in writing to all audit exceptions and inquiries, including missing assets and incomplete data, within ten (10) business days. A lack of response by the department head or official with the prescribed time period shall result in the assets being reported “missing”. Within thirty (30) days of receiving the department head or officials response, a final report shall be issued to the department.

Audit results for all County locations shall be presented to the Budget Committee and other appropriate committees of the County Legislative Body in summary annually or more often as determined by the Director of Accounts and Budgets. Additionally, a report of missing assets shall also be reported to the Budget Committee and other appropriate committees of the County Legislative Body in summary annually or more often as determined by the Director of Accounts and Budgets.

Year-end closing Procedures

The cut-off for the year-end inventory of capital assets shall be May 31. All assets acquired on or before this date shall be tagged and recorded in the capital asset database by June 30. Appropriate year-end reports shall be generated from the capital asset database and reconciled to the general ledger.

CAPITAL ASSET POLICIES

TAG NUMBERS

Tag numbers are issued as follows:

100,000 = Computers, Printers, Copiers, adding machines, and other office equipment

300,000 = Furniture & Fixtures

600,000 = Vehicles & Heavy Equipment

DEPRECIATION METHOD

Lawrence County Government will implement the straight-line-method for calculating depreciation. Under the straight-line depreciation method, the basis of the asset is written off evenly over the useful life of the asset. The same amount of depreciation is taken each year. In general, the amount of annual depreciation is determined by dividing an asset's depreciable cost by its estimated life.

The total amount depreciated can never exceed the asset's historic cost less salvage value. At the end of the asset's estimated life, the salvage value will remain.

DEPRECIATING AN ASSET THAT WAS NOT PURCHASED AT THE BEGINNING OF A FISCAL YEAR

To avoid the complications of depreciating each asset from the specific date on which it was placed in service, GAAP supports guidelines that assume various assets are placed in service or disposed of at designated dates throughout the year. These guidelines are called averaging conventions. Through this policy, Lawrence County Government will adopt the half-year convention. Under the half-year convention, an asset is treated as though it were placed in service or disposed of on the first day of the seventh month of the fiscal year. One-half of a full year's depreciation is allowed for the asset in its first year placed in service, regardless of when it was actually placed in service during that year.

ESTIMATED USEFUL LIVES

Estimated useful lives have been determined based on GASB 34 suggested useful lives (Table-1). Where there are no specific guidelines that fit a situation, a determination will be made based on like equipment and the life estimated by the department head.

REPORTABLE ITEMS

Items are only deemed reportable if their value exceeds the \$10,000.00 capitalization threshold. The infrastructure capitalization threshold is \$50,000.

COSTS

Costs are determined based on invoices whenever available. When these are not available, estimates from dealers and department heads will be used.

VENDOR

Vendor numbers correspond to A/R Vendor numbers.

PROPERTY COORDINATOR

The property coordinator is the person who has physical custody or is responsible for the department's assets. Form F-2, Notice of Designated Property Coordinator, should be completed and signed by each department.

LOCATION

The location code is a number for each individual building. These codes have been taken from the list provided by the Purchasing Agent's report on statement of values and property. By using the same codes for all buildings, we hope to simplify any future inquiries.

BUILDING

The building should be the same as the location.

ASSET ACCOUNT NUMBER

The asset account number is the Fund plus the 5-digit number from the State Chart of Accounts.

ACCUMULATED DEPRECIATION ACCOUNT NUMBER

The accumulated depreciation account number is the Fund plus the 5-digit number for accumulated depreciation from the State Chart of Accounts.

DEPRECIATION EXPENSE ACCOUNT NUMBER

The depreciation expense account number is the Fund plus the 5-digit department number, plus the depreciation expense code from the State Chart of Accounts.

SOURCE EXPENDITURE ACCOUNT NUMBER

This will be the account number that the expense was actually charged to when the check was written. This should provide the necessary information needed to help reconcile the Entity Wide Statements.

BUILDINGS

The original cost for buildings will be used if available. If the original cost is not obtainable, the square footage of each building will be measured and used as a factor to find the approximate original Cost.

LAND

The original cost for all land owned by Lawrence County Government is determined by first pulling the assessment cards on all properties. Each piece of land is then photographed and examined as to quality and location. The land cost is then calculated based on the value today and indices to factor it back to the original cost.

ROADS

Roads are considered to be a new asset when the usage capacity is increased (e.g. from 2 lane to 4 lane) through the work being performed. Resurfacing is considered to be maintenance. Only new roads with a value of over \$50,000 will be recorded for capital asset purposes and depreciated. All other road costs will be expensed in the year incurred. Depreciable lives will be determined as follows: Asphalt – 15 years, Oil & Chip – 10 years, and Gravel – 5 years. These lives were determined after discussion with the Road Superintendent.

BRIDGES

Bridges will be considered new when the old bridge is destroyed and a new one constructed or when there is a change in usage capacity. All other costs will be considered repair and maintenance over \$50,000.

RIGHT -OF-WAYS

Right-of-ways will be carried at the cost paid to the county per deeds kept in the County Mayors Office and at the Highway Department.

**Capital Assets
Estimated Useful Lives**

Asset Type	Examples	Depreciable Life in Years
Non - Infrastructure		
Furniture, Office Equipment	Desks, Tables, Chairs, Adding Machine	5
Computer Hardware	Monitors, CPU, Printer	5
Telephone Equipment		10
Cars & Light Trucks		5
Busses		8-10
Buildings – Temporary	T-Buildings, Other Portables	25
Buildings		40
HVAC Systems	Air Conditioners, Heating, Ventilation Systems	20
Roofing		20
Carpet Replacement		7
Electrical\Plumbing		30
Kitchen Equipment	Appliances	12
Heavy Construction Equip.	Backhoes, Trucks, Dozers, Front-End Loaders, Large Tractors	5-10
Engineering, Scientific Equipment	Lab Equipment	10
Firefighting Equipment	Ladder, Hoses	10
Police Special Equipment		10
Medical Equipment		5
Traffic Control Equipment		10
Radio, Communications Equipment	Mobile, Portable Radios	10
Recreational\Athletic Equipment	Weight Machines, Mats, Golf Carts	10
Library Books	Collections	5-7
Artwork	Collections	5-7
Outdoor Equipment	Bleachers, Radio Towers, Scoreboards, Playground Equipment	20
Custodial Equipment	Floor Scrubbers, Vacuums, Other	12
Grounds Equipment	Mowers, Tractors and Attachments	15
Land Improvements – Structure	Parking Lots, Sidewalks, Bus Ramp, Fencing, Running Track, Flagpole	20
Land Improvements – Ground Work	Golf Course, Ball Field, Park Landscaping	30
Landfill Disposal Systems		25

Land		No Depreciation
Sewerage Treatment Plants		25
Infrastructure		
Easements		No Depreciation
Drainage Systems		25
Water Systems		25
Sewerage Disposal Works System		25
Paved Roads		40
Non-Paved Roads		50
Asphalt – Urban		20
Asphalt – Rural		40

LAWRENCE COUNTY, TENNESSEE

NOTICE OF DESIGNATED PROPERTY COORDINATOR

_____ has been designated as Departmental Property
Name of Designee

Coordinator for _____
Department Name

_____	_____	_____
Fund No.	Function	Phone Number/Extension

_____	_____
Signature of Designee	Signature of Official/Director

_____	_____
Date	Date

The responsibilities of the Department Property Coordinator include but are not limited to:

- Coordinating and implementing the annual inventory for capital assets.
- Reconciling and reporting differences between the annual inventory and capital asset listing per department records.
- Receiving, tagging, and recording all purchases of capital assets.
- Reporting all capital asset transfers and retirements.
- Reporting all capital assets declared surplus or scrap.
- Reporting theft or other losses, which cannot be explained. In the case of theft, the Departmental Property Coordinator will also be responsible for notifying the police and forwarding form F-2 and a copy of the police report to the Director of Accounts and Budgets.
- Working closely with the Director of Accounts and Budgets to ensure capital asset records agree with accounting records.

LAWRENCE COUNTY, TENNESSEE

PERSONAL PROPERTY ACQUISITION/DISPOSITION RECORD

LOCATION _____ TAG # _____

ACCOUNT CODE _____

ITEM DESCRIPTION _____

VENDOR _____

MAKE/MODEL _____ SERIAL # _____

PURCHASE PRICE \$ _____ OR APPRAISED VALUE \$ _____

ACQUISITION

DATE RECEIVED _____ PURCHASE ORDER NO. _____

RECEIVED BY _____ CONDITION CODE _____

TRANSFERRED FROM _____ STATUS CODE _____
STATUS CODES - (U=IN USE; R=HELD IN RESERVE; S=IN STORAGE)

DONATED BY _____

DISPOSITION

_____ TRANSFER _____ STOLEN/LOST _____ SURPLUS _____ SCRAP

OTHER _____

TRANSFERRED TO _____

I certify the above described equipment has been transferred, stolen/lost, declared surplus, scrapped or disposed of by other means as indicated above. If the item was declared surplus, it is available for use by other County Offices or can be sold in the prescribed manner as surplus. If stolen, a stolen property report has been **Filed with the Police Department.**

Signature of County Official/Department Head

Date

Signature of Purchasing Agent

Date

LAWRENCE COUNTY, TENNESSEE

REAL PROPERTY ACQUISITION/DISPOSITION RECORD

ACQUISITION

ACCOUNT CODE _____ DATE ACQUIRED _____

LAND

DIST/MAP/GROUP/PARCEL _____ DEED BK/PAGE _____

DEED RESTRICTIONS _____

PROPERTY NAME _____

PROPERTY ADDRESS _____

METHOD OF ACQUISITION _____ PURCHASE PRICE _____

FAIR MARKET VALUE _____ NO. ACRES _____

NUMBER OF BUILDINGS ON THIS PROPERTY _____

BUILDINGS

BUILDING _____ OF _____ TYPE OF CONST _____ COST _____

PURPOSE OF FACILITY _____ INSURED AMT. _____

SQUARE FOOTAGE _____ NO. FLOORS _____ NO. ROOMS _____

ADDITIONS AND/OR RENOVATIONS (date, type, dollars):

NAME AND PHONE NO. OF CONTACT PERSON _____

DISPOSITION

DATE OF DISPOSITION _____

TYPE OF DISPOSITION _____

CHANGE IN NAME AND/OR ADDRESS _____

**LAWRENCE COUNTY, TENNESSEE
MOTOR VEHICLE ACQUISITION/DISPOSITION RECORD**

VEHICLE IDENTIFICATION NUMBER (VIN) _____

ACCOUNT CODE _____

VEHICLE DESCRIPTION _____

MAKE & MODEL OF VEHICLE _____

LICENSE PLATE NUMBER _____

VEHICLE UNIT NUMBER _____

LOCATION _____

PURCHASE PRICE _____ APPRAISED VALUE _____

ACQUISITION

DATE RECEIVED _____ PURCHASE ORDER NO. _____

PURCHASED FROM _____

RECEIVED BY _____

DONATED BY _____

OTHER _____

DISPOSITION

_____ TRANSFER _____ TRADE-IN _____ STOLEN _____ SURPLUS

_____ SCRAP OTHER _____

TRANSFERRED TO _____ EXCHANGE PRICE _____

TRADED TO _____ TRADE-IN ALLOWANCE _____

I certify the above described motor vehicle has been transferred or disposed of in accordance with guidelines of the Purchasing Agent. If it is declared surplus, it is available for use by other offices or can be sold as surplus. If stolen, a stolen property report has been filed with the Sheriff's Department.

Department Official/Director Date

Purchasing Agent Date

CONDITION CODES

Personal property and Motor Vehicles on the capital assets list are to be kept current by amending the condition code annually when physical inventory is taken.

CODE	DESCRIPTION
N-1	<u>NEW OR UNUSED PROPERTY</u> IN EXCELLENT CONDITION, INTERCHANGEABLE WITH NEW ITEMS.
N-2	<u>NEW OR UNUSED PROPERTY</u> IN GOOD CONDITION. PROPERTY MAY BE SLIGHTLY SHOPWORN, SOILED, BUT UTILITY IS NOT IMPAIRED.
N-3	<u>NEW OR UNUSED PROPERTY</u> IN FAIR CONDITION. SOILED, SHOPWORN, RUSTED, DETERIORATED, OR DAMAGED TO THE EXTENT THAT UTILITY IS SLIGHTLY IMPAIRED.
U-1	<u>USED PROPERTY</u> IN GOOD CONDITION WHICH HAS BEEN REPAIRED OR RENOVATED.
U-2	<u>USED PROPERTY</u> WHICH HAS BEEN REPAIRED OR RENOVATED IN THE PAST, BUT HAS DETERIORATED TO THE EXTENT THAT UTILITY IS IMPAIRED.
U-3	<u>USED PROPERTY</u> IN GOOD CONDITION WITH NO REPAIRS REQUIRED.
U-4	<u>USED PROPERTY</u> IN FAIR, BUT SOMEWHAT DETERIORATED AND WORN.
U-5	<u>USED PROPERTY</u> DETERIORATED TO THE EXTENT THAT UTILITY IS IMPAIRED.
U-6	<u>USED PROPERTY</u> REQUIRING MINOR REPAIRS.
U-7	<u>USED PROPERTY</u> REQUIRING MAJOR REPAIRS.
U-8	<u>USED PROPERTY</u> SO BADLY DAMAGED THAT REPAIR WOULD COST MORE THAN ITS UTILITY VALUE AFTER REPAIR.
S-1	<u>SALVAGE</u> . PROPERTY WITH SOME VALUE IN EXCESS OF ITS BASIC MATERIAL CONTENT IN WHICH PARTS COULD BE UTILIZED TO REPAIR OTHER UNITS.
S-2	<u>SCRAP</u> . PROPERTY THAT HAS NO VALUE EXCEPT FOR ITS BASIC MATERIAL CONTENT.