

SCURRY COUNTY



FIXED ASSET POLICY

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SCURRY COUNTY FIXED ASSET POLICY

1.0 INTRODUCTION

The Taxpayers of Scurry County have an enormous investment in our county buildings, land, furnishings, equipment and vehicles. Not only is it good accounting policy to maintain accurate inventory records of all fixed assets of the county, state law mandates these records be kept.

This Fixed Asset Policy is written documentation of the county policy concerning control, regulation, and accounting of all county fixed assets. The Commissioner's Court must approve exceptions to these policies and procedures.

In Scurry County, the County Auditor's Office serves as property manager for the county. The County Auditor's Office will track, print master reports for each department for review of the department head or elected official on an annual basis. Once the master report is provided to the department heads or elected officials it is their responsibility to review for accuracy and submit the corrected, signed master report to the Auditor's Office for updating and filing.

The Auditor's Office also has control over the transfer of equipment from one department to another within the accounting system and for documentation purposes.

This policy will cover each phase of the fixed assets inventory system. It is important that every county official, department head, and employee have a basic understanding of the policies associated with the county fixed assets, because each official, department head, and employee shares in the responsibility of accounting for, using and maintaining county buildings, furnishings and equipment. As you read through this document, you will note that it is the responsibility of the county official and/or department head to account for all furnishings and equipment assigned to his/her department. Should property be lost, it becomes the responsibility of the official or department head to replace the lost equipment.

State law is very specific concerning the use of public property for personal use or gain. (See: Section 39.02 – TEXAS PENAL CODE). There are very stiff penalties imposed on anyone using county-owned property for personal use. It is the purpose of this policy to make everyone aware of these laws to help prevent any misuse of county owned property.

While no set of procedures or policies can address all circumstances, this document answers most of the questions concerning fixed assets. It is not the purpose of this policy to cause hardship to any person, but to provide for a better understanding of the importance of fixed asset responsibilities and controls. By establishing standards for property accounting procedures, controlling and managing county property will be made easier for all concerned.

2.0 DEFINITIONS OF FIXED ASSETS

In order to explain the property accounting system for fixed assets, it is necessary to first define the types of fixed assets that will be included in the reporting system. The following is a list of assets to be included in the reporting system for Scurry County:

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All fixed assets in use by the various county departments including county owned buildings, land, and improvements made to county owned land.

Any asset that has a value or cost of \$5000.00 or more and a useful life of no less than one year will be recorded on the county fixed asset inventory.

There are four major classifications of county fixed assets. All fixed assets of the county will fall within one of the four major classifications. These classifications are:

1. Land
2. Buildings (including Improvements to Buildings)
3. Improvements Other than to Buildings
4. Equipment

Definitions of each of the major classifications of the county fixed assets are as follows:

LAND

Any land purchased or donated to Scurry County will be placed on the fixed asset inventory at the price paid for the land at the time of purchase or the appraised value of any land donated or traded to the county.

For land already owned by the county, the price of that land will be at actual cost of the land at the time the land was purchased if it is possible to obtain the price of the land in the deed records of the county. If it is not possible to obtain a price on the land, the appraised value of the land will be used.

BUILDINGS

County buildings will be placed on the fixed asset inventory at actual cost of the building if the actual cost is available. If actual cost is not available, the value of the building will be the appraised value plus or minus any necessary adjustments to determine the actual cost of the building at the time it was constructed or purchased by the county. These adjustments will be made with the assistance of the Independent Auditors to satisfy reporting requirements. If the building is donated or received in trade, it will be recorded at appraised value.

Major renovation or construction of additions to existing buildings will be recorded on the fixed asset inventory at actual cost.

Replacement items of a maintenance nature such as carpeting, flooring, water heaters, restroom fixtures, etc., will NOT be recorded as fixed assets. Only those items that will improve the long-term value of the buildings will be considered as additions to the value of the buildings.

IMPROVEMENTS OTHER THAN BUILDINGS

Major renovation or construction of additions to property other than buildings will be recorded on the fixed asset inventory at the actual cost.

EQUIPMENT

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Purchases of equipment or vehicles over \$5,000.00 to include heavy machinery. County owned motor vehicles are purchased through the bid process, including cooperative purchasing programs, in cooperation with the utilizing departments. Vehicles are assigned to employees by the department head/official in each department. Vehicles are defined as that which is self-powered/motorized, and most of which is mobile. All vehicles will be placed on the fixed asset inventory at actual cost.

III. AUDITOR'S OFFICE RESPONSIBILITIES

1. The County Auditor's Office is responsible for the maintenance of property records. All transactions having to do with fixed assets of the county must flow through the Auditor's Office who is responsible for maintaining fixed asset records and accounting systems for all fixed assets. Fixed assets in the county are under the general control of the County Auditor whom has the authority to move surplus assets from one department to another and re-assign fixed assets as the need may arise. The Auditor's Office will supply department heads and county officials with all necessary forms and information concerning the transfer and accountability of fixed assets assigned to the various county departments.
2. Each year the Auditor's Office will provide a detailed printed list of all fixed assets assigned to each department in the county. After taking a physical inventory of fixed assets, the department head will return one copy of the printout to the Auditor's Office denoting any differences in the printed list and actual inventory. The Auditor's Office will make all corrections and adjustments to inventory records to reflect actual inventory count and compile a consolidated report on all fixed assets owned by the county.
3. The Auditor's Office will assign tags for all fixed assets that can be physically tagged to identify the property as county-owned.
4. Accumulation and disposal of surplus property of the county will take place under the supervision of the Auditor's Office, in accordance with the laws of the State of Texas and instructions of the Commissioners Court.
5. The Auditor's Office will audit fixed asset records and audit actual equipment held by various departments in the county to determine the accuracy of inventory records.
7. The County Auditor will verify that all equipment is charged to capital expenditure accounts as approved by the Commissioners Court.

IV. DEPARTMENTAL OFFICIALS RESPONSIBILITIES

1. County officials will be held responsible for proper accounting, maintenance and use of county fixed assets. A department head must sign a statement recognizing his/her responsibilities concerning the equipment assigned to the department and accepting the responsibility to replace any missing equipment. Any department head/official leaving the employment of the county will arrange with the County Auditor's Office for a detailed inventory of all assets assigned to the department before the official or department head leaves office.

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Upon completion of the final inventory of fixed assets, any discrepancies will be reported to the Commissioners Court for appropriate action.

2. All furniture, equipment and machinery will be used for county business only.
3. The department head will report items lost or stolen immediately in writing to the Auditor's Office and the proper law enforcement agency.
4. Each departmental official will include in his or her budget request for the next year the furniture and equipment deemed necessary for operation of that department.
5. An annual inventory of fixed assets will be taken under the direction of the Auditor's Office. Each department head/official will receive a computer printout of all equipment assigned to their department each year. The County Auditor, from records maintained in the Auditor's Office, prepares this printout.
6. A department head does not have the authority to transfer equipment from one department to another, destroy equipment, throw away or discard equipment. A request to transfer or dispose of equipment may be submitted to the Auditor's Office; with proper approval, the asset may then be transferred or disposed. Otherwise, the department head is responsible for all equipment assigned to his/her department. Surplus fixed assets in any department in the county should be sent to storage for reassignment or auction.
7. Scurry County assumes no liability for employees' personal assets located in county buildings.

V. ACCOUNTING SYSTEM FOR FIXED ASSETS

The Auditor's Office has overall responsibility to maintain accurate records of fixed assets of Scurry County. The current accounting system includes the following elements:

1. The Fixed Assets Module in Incode – The inventory accounting system for fixed assets will be maintained on a computer system, which provides a record of all necessary descriptive information about each fixed asset as determined by the County Auditor. Additions, transfers and disposals of fixed assets will be recorded in the system on a timely basis. On a monthly basis, general ledger records will be reviewed to assure that all additions and deletions have been recorded.
2. There are various different reports available through the accounting program system that is used for the tracking of the county's fixed assets.

(For more details of these reports come inquire in the Auditor's Office)

VI. FIXED ASSET PURCHASE, USE, TRANSFER AND DISPOSAL PROCEDURES

The following procedures shall be followed for acquisition of fixed assets for Scurry County:

1. Requests for a budget allocation or amendment will be made by:

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- a. The requesting department head during budget preparation based on a justified need in the department. The allocation may be for replacement or new asset acquisition.
 - b. The requesting department during the fiscal year for an amendment based on an emergency need not anticipated during budget preparation.
2. With the approval of the Commissioners Court of a budget allocation or amendment, funds will be allocated for the purchase.
3. In conjunction with the department head, the Commissioners' Court will develop specifications used for quotes or sealed bids, and a vendor list for the fixed asset. When possible, all purchases of like items will be made in one annual buy in order to obtain quantity discounts.
4. Following is the requirement for the procurement process for certain dollar amounts:
 - a. If the item(s) to be purchased has a value known to be in excess of \$50,000.00 or a value, which could be in excess of \$50,000, formal bid procedures must be followed in accordance with the state purchasing laws.
 - b. \$0.01 - \$10,000.00 - Department is responsible for obtaining competitive price. Departments may use a requisition or the County Purchasing Card for this type of purchase. County Purchasing Card does have a single-item limit of \$2500.
 - c. \$10,001.00 - \$50,000.00 – Commissioners' Court must have given prior approval to the department head or elected official before purchasing any item over \$10,000.00 unless it was approved during the budget process. Department heads and elected officials MUST do their due diligence in ensuring that the best price and quality of product being purchase is received. It is preferable that the department head or elected official get quotes from a minimum of three vendors to ensure the best use of tax payer dollars.

DISPOSITION OF FIXED ASSETS

Salvage and surplus property owned by the county may be disposed of by sale, by competitive bid or auction, by trade-in for new property, or by being destroyed as worthless if it cannot be sold.

Local Government Code §263.151 define surplus or salvage property as:

- (1) "Salvage Property" – Personal property, other than items routinely discarded as waste, that because of use, time, accident or any other cause is so worn, damaged, or obsolete that it has no value for the purpose for which it was originally intended.
- (2) "Surplus Property" – Personal property that:
 - (a) Is not salvage property or items routinely discarded as waste:
 - (b) Is not currently needed by its owner;
 - (c) Is not required for the owner's foreseeable needs; and

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(d) Possesses some usefulness for the purpose for which it was intended.

The following procedures should be followed FOR DISPOSAL OF SALVAGE OR SURPLUS PROPERTY:

1. Items not being utilized in a department will be transferred to storage. A disposition asset form will be completed by the Auditor's Office and item will be put in storage for county-wide auction or bidding process.
2. Periodically the Commissioners Court will discuss and take action on surplus and salvage property to be competitively bid or auctioned under the state laws on disposition of property. (LGC §263.152) Scurry County employees will be allowed to bid on surplus property offered to the public, just as any other citizen of Scurry County.
3. Any stolen, abandoned or confiscated property seized by a peace officer may be disposed in accordance with Article 18.17, TEXAS CODE OF CRIMINAL PROCEDURE.

TRANSFER OF FIXED ASSETS

1. If property is being transferred from one department to another the department head or official must notify the Auditor's Office. The Auditor's Office will complete a Transfer of Asset form and send out to the department heads as the form must be signed by giving and receiving departments. The Auditor's Office will enter the transfer into the Fixed Asset module in Incode accounting system upon completion of form.

STATE LAWS REGULATING PURCHASE AND DISPOSAL OF FIXED ASSETS State law requires that all purchases made for Scurry County be made in one of two ways:

1. All purchases in excess of \$50,000.00 must be made through the formal bid process where a request is made through the Commissioners Court to make the purchase. The bid request is advertised according to state law. All sealed bids are accepted by the County Commissioners' Court who will open the seals bids, discuss and award the bid to the lowest and/or best bidder. (See: TEXAS LOCAL GOVERNMENT CODE – CHAPTER 262 – SECTIONS 262.001 through 262.035)
2. Salvage and surplus property owned by the county may be disposed of by sale or competitive bid or auction, trade-in for new property, or by being destroyed as worthless if it cannot be sold, or donated to a tax exempt entity. (See: TEXAS LOCAL GOVERNMENT CODE –CHAPTER 263 – SECTIONS 263.151 through 263.158).
3. Disposition of abandoned or unclaimed property seized by a peace officer must be conducted in accordance with Article 18.17, TEXAS CODE OF CRIMINAL PROCEDURE.

VIII. INVENTORY OF FIXED ASSETS

1. Inventory records for Scurry County will be maintained by the Auditor's Office. This inventory will be updated on a regular basis and will be balanced to the General Ledger fixed asset account.

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2. An inventory of all county property will be made annually under the supervision of the Auditor's Office. The purpose of the inventory is to verify the accuracy of the fixed asset records. Each department official will receive a computer printout or master report of all equipment assigned to their department. Each department is required to take an inventory of all fixed assets assigned to their department. All items on the printout must be accounted for in accordance with instructions issued by the Auditor's Office. If an item is missing, it is the responsibility of the department official to make any notations of items and if possible replace the item. If there are tagged assets in the department which are not listed on the printout, those assets will be listed and turned in with the inventory so that the assets may be added to inventory records. Once the department head or official has reviewed and accounted for the items on their master report and made any changes, whether additions or deletions with necessary notes they must sign the report and return to the Auditor's Office by stated deadline.

3. The Auditor's Office will make all corrections and adjustments to inventory, which will reflect actual inventory count. Assets will be added to inventory at cost, or if cost is not available, at estimated market value.

4. If there is a change in elected official or department head during a fiscal year, the Auditor's Office will be notified of the change with sufficient time for an inventory of the fixed assets of the department. Upon completion of the final inventory, any discrepancies will be reported to the Commissioners Court for appropriate action.

USE OF PROPERTY ACQUISITION, TRANSFER AND DISPOSITION FORMS

The Property Invoices for purchases, Transfer and Disposition Forms will be used for a variety of transactions, which are described below. All purchases that meet the threshold to track as a fixed asset a duplicate invoice will be used to add the asset in the system as a new asset and will be assigned a fixed asset number written on the duplicate invoice. Transfer and Disposition Forms will be filled out by the Auditor's Office upon notification of the department and signed off on by the originating department and submitted to Auditor's Office. After approval, transfer of assets will take place. All property forms will be kept in the Auditor's Office. The types of transactions to be recorded on these forms are as follows:

1. New Equipment – purchases of new equipment by the department heads or officials which are assigned to the receiving department (Duplicate Invoice)
2. Used Equipment – purchases of used equipment by the department heads or officials which are assigned to the receiving department (Duplicate Invoice)
3. Donated Equipment – equipment donated to Scurry County as a gift. (Donation letter duplicate)
4. Permanent Transfer – item transferred permanently from one department to another (Transfer Form)
5. Disposition to storage – surplus equipment transferred to storage to be used elsewhere in the county or placed in storage until auction. (Disposition Form)

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6. Destroyed – assets, which have been destroyed after confirmation by the Auditor’s Office, and should be removed from asset records (Disposition Form)
7. Used for Repair Parts – assets in which parts have been used to repair other like equipment, and which should be removed from inventory (Disposition Form)
8. Missing or Stolen – items lost or stolen will be reported immediately to the County Auditor and the proper law enforcement agency (if stolen). (Disposition Form)
9. Trade-In – if a department head proposed to trade in equipment at the time of a purchase, the Auditor’s Office should be notified of this possibility at the time the purchase is requested. (Disposition Form)

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COMMISSIONERS' COURT APPROVAL

Scurry County Fixed Asset Policy

Dan Hicks, Jr. County Judge

Terry Williams, Commissioner Pct. #1

Trisha Cockrell, Commissioner Pct. #2

Shawn McCowen, Commissioner Pct. #3

Jim Robinson, Commissioner Pct. #4

Date: _____

Attest:

Melody Appleton, County Clerk