



ECTOR COUNTY, TEXAS

**FIXED ASSET
POLICIES
AND
PROCEDURES**

Adopted by Ector County Commissioners' Court - April 26, 2010

For Implementation – October 1, 2010

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I. INTRODUCTION

The Taxpayers of Ector County have an enormous investment in our County's buildings, land, equipment, and furnishings. Not only is it a good accounting policy to maintain accurate inventory records of the Fixed Assets of the County, but State Law also mandates that these records be kept.

This is a written documentation of the Ector County Fixed Asset Policies and Procedures. It includes the policy of acquisition, control, regulation, accounting and disposal of the County's Fixed Assets. Exceptions to these policies and procedures must be approved by the Commissioners' Court.

In Ector County, the Purchasing Department serves as the "Asset (Property) Manager" for the County. The Purchasing Agent must provide an annual inventory report of all the property on hand and belonging to the County, on or before July 1st of each year. This inventory is filed with the County Auditor, County Judge, and each of the District Judges. (Texas Local Govt. Code, Section 262.011, (i).)

The Purchasing Agent also has control over the transfer of assets from one department to another, with the approval of the Commissioners' Court. (Texas Local Govt. Code, Section 262.011 (j).)

The Governmental Accounting Standards Board (GASB) prescribes the accounting procedures for all governmental agencies. The County is responsible, under the guidance of the County Auditor, to administer those accounting procedures.

This document will cover each phase of our Fixed Assets Inventory system. It is important that every County official, department head, and employee have a basic understanding of the policies and procedures associated with the County Fixed Assets; Each official, department head, and employee shares in the responsibility of accounting for, using, and maintaining the County's assets.

State law is very specific concerning the use of the public assets for personal use or gain. There are very stiff penalties imposed on anyone using County-owned assets for personal use. The purpose of this document is to make everyone aware of these laws and to help prevent mis-use of County-owned assets.

While no set of policies or procedures can address all circumstances, this document is prepared to answer most of the questions about County Fixed Assets. It is not the purpose of this document to cause hardship to any person, but to provide for a better understanding of the importance of asset responsibilities and controls. By establishing these standards for asset control, the job of controlling and managing County assets will be made easier for all concerned. Any issue not specifically addressed in this document should be directed to the Purchasing Agent or the County Auditor prior to any action being taken by the department.

Kenneth D. Lind, CPPB
Purchasing Agent

David Austin
Auditor

II. DEFINITIONS FOR FIXED ASSETS

- A. In order to explain the Inventory Accounting System for Fixed Assets, it is necessary to first define the types of assets which will be included in the reporting system. The following is a list of those assets in the County:
1. All Fixed Assets in use by the various County departments including County-owned buildings, land, and improvements made to County-owned land (i.e. parks, parking lots, lighted ball fields, airport runways and taxiways, and cemetery land).
 2. Fixed Assets assigned to County-supported areas include, but not limited to:
 - a. Volunteer Fire Departments
 - b. White-Pool House Museum
 - c. Presidential Museum
 - d. Henderson Drug Building
 - e. Intoxilizer Program
- B. Any asset having a value or cost of \$500, each, or more and a useful life of more than one year will be considered a Fixed Asset.
1. **Inventory Asset:** All assets having a value or cost of at least \$500 each but less than \$5,000 and a useful life of more than one year will be recorded to the County Fixed Asset Inventory System as an "Inventory Asset". These assets will be associated with the following line-item expense account XXX-XXX-5199. These assets will be tagged and assigned with a numbered County asset tag.
 2. **Capital Asset:** All assets having a value or cost of \$5,000, each or more, and a useful life of more than one year will be recorded to the County Fixed Asset Inventory System as a "Capital Asset". These assets will be associated with the following line-item expense accounts, including but not limited to: XXX-XXX -5501 Land Right of Way Acquisitions; -5502 Land Purchases; -5503 Building Purchases and Construction; -5504 Office Equipment and Furnishings; -5505 Motor Vehicle Equipment; -5506 Data Processing Equipment; -5507 Special Department Equipment; -5508 Road Construction and Maintenance; -5509 Improvements and Construction; and -5510 Major Building Repairs. These assets will be tagged and assigned with a numbered County asset tag.
 3. For departmental inventory purposes, there is no difference between a "Capital Asset" and an "Inventory Asset". The only difference is in the procedure for recording the asset in the County's Fixed Asset Inventory System.
- C. **There will be instances when an asset may have a value of less than \$500, each, but a useful life of more than one year which may be included on the County Fixed Asset Inventory as an "Inventory Asset". These assets will be tagged with a numbered County asset tag.**
- D. **There will also be instances where a purchased item may not meet any of the criteria to be tagged with a numbered County tag. In these instances it will be the Purchasing Agent's discretion to request that a "Blank" County asset tag be placed on the item to distinguish that it is County property. These type of tagged assets will not be recorded in the Fixed Asset Inventory System.**

E. There are six major classifications of County Fixed Assets and some minor classifications, which provide a more detailed description. All Fixed Assets of the County will fall within one of the six major classifications. These classifications are:

1. **Land:**

- a. Any land purchased or donated to the County will be placed on the Fixed Asset Inventory at the price paid for the land at the time of the purchase or the fair market value (or appraised value per the Ector County Appraisal District).
- b. Land which has been deeded to the County for the purpose of building County roads, or land purchased by the County for this purpose, will be placed on the Fixed Asset Inventory System.

2. **Buildings:**

- a. County Buildings will be placed on the Fixed Asset Inventory at actual cost of the building. If the building is donated or received in trade, it will be recorded at fair market value (or appraisal value per the Ector County Appraisal District).
- b. Major renovation or construction of additions to existing buildings will be recorded on the Fixed Asset Inventory at actual cost after the value of the renovation or construction is established.
- c. Replacement items of a maintenance nature such as carpeting, flooring, water heaters, restroom fixtures, swamp coolers, and etc., will NOT be recorded as Fixed Assets. Only those items which will improve the long-term value of the buildings will be considered as additions to the value of the buildings.

3. **Improvements Other Than Buildings:**

- a. Improvements may or may not be placed on Fixed Asset Inventory. This determination will be made by the County Auditor, or by the Purchasing Agent in concurrence with the County Auditor.
- b. Items deemed to be Fixed Assets will be recorded at cost.
- c. Examples of improvements, which may be placed on Fixed Asset Inventory, are follows:
 - 1.) Airport Runway and Taxiway Construction
 - 2.) Airport Runway and Taxiway Lighting
 - 3.) Airport Special Navigation Lighting Systems
 - 4.) Park Lighted Ball Fields and Recreation Areas
 - 5.) Park Swimming Pools
 - 6.) Park Restroom Facilities and Picnic Facilities
 - 7.) Paved Parking Areas at County Facilities and Buildings
 - 8.) Air Conditioning and Heating Systems

4. **Departmental Furniture and Equipment:**

- a. For budgetary purposes, all furniture and equipment purchases with a **value of \$500 or more and less than \$5,000 each** are included in this category (-5199).
 - 1.) These assets will be purchased through the Purchasing Department according to the Ector County Procurement Policies and Procedures.
 - 2.) Upon receipt, the assets will be tagged and accounted for on the inventory of the individual department the asset is assigned to.
 - 3.) They will not be recorded in the financial records as capital assets, and they will not be depreciated.
- b. For budgetary purposes, all furniture and equipment purchases with a **value of less than \$500 each** may be purchased from an office supply account (-5171) or any other budgeted Departmental supply line item account expenditure (such as -5172, -5177, -5178, -5179, -5180, -5181, -5182, -5183, -5184, -5185, -5186, -5187, -5190, -5191, -5194, -5195, -5197, -5198, and/or any other established and budgeted accounts deemed appropriate).
 - 1.) These assets may be purchased through the Purchasing Department according to the Ector County Procurement Policies and Procedures.
 - 2.) Upon receipt, the assets may be tagged with a "Blank" numbered County property tag.
 - 3.) These assets will not be entered in the Fixed Asset Inventory System.
 - 4.) These assets will not have to be inventoried.
 - 5.) These assets must be disposed of per the State Laws and County Fixed Asset Policies and Procedures.
- c. A pool of certain items of furniture and equipment may be maintained under the supervision of the Purchasing Agent, Information Technology (IT) Director, or Equipment Services Director. These items may be assigned to various departments from the pool between the annual buys or to replace broken like items.
- d. The Information Technology Department has the authority to exchange inoperable equipment. When such replacement is made, the exchange will be reported to the Purchasing Agent on a Property Acquisition, Transfer and Disposition Form.

5. **Machinery and Equipment with a cost of \$5,000, each, or greater :**

- a. Machinery and equipment include any moveable piece of property purchased, donated, built by a Department, or acquired from a surplus property agency.
- b. Purchases of all items of machinery and equipment are made through the Purchasing Agent in accordance with State Purchasing Laws and County Purchasing Policies and Procedures.
- c. Donated machinery and equipment may be placed on the Fixed Asset Inventory at fair market value.
- d. **Office Equipment and Furnishings (-5504):**
 - 1.) Office equipment and furnishings are items of furniture and equipment which are common to many offices of the County.
 - 2.) State and Federal surplus property and used equipment will also be considered when appropriate.

- 3.) A pool of certain items of furniture and equipment may be maintained under the supervision of the Purchasing Agent, , Information Technology (IT) Director, or Equipment Services Director. These items may be assigned to various departments from the pool between the annual buys or to replace broken like items.
- e. Motor Vehicle Equipment (-5505):
 - 1.) Motor vehicle equipment is equipment that which is under the supervision of the Equipment Services Department for safekeeping, maintenance and repair.
 - 2.) Motor vehicle equipment is defined as that which is self powered/motorized, and most of which is mobile.
 - 3.) Major repairs to motor vehicle, which prolong the life or increase the value of the vehicle, will be added to the cost of the asset.
- f. Data Processing Equipment (-5506):
 - 1.) Data processing equipment includes processing equipment used centrally or in individual departments of the County.
 - 2.) Related expenditures such as initial cabling for data processing equipment will also be included in the Fixed Assets.
 - 3.) Initial license fees for software will be included in the price of the equipment.
 - 4.) Not included as Fixed Assets are payments for changes in cabling and maintenance charges on software.
 - 5.) The Information Technology Department has the authority to exchange inoperable equipment. When such replacement is made, the exchange will be reported to the Purchasing Agent on a Property Acquisition, Transfer and Disposition Form.
- g. Special Department Equipment (-5507):
 - 1.) This classification is for equipment that has a special use by a particular department to meet its unique needs.
 - 2.) This category may include all types of equipment not included in office equipment and furnishings, motor vehicle, and data processing equipment classifications.
6. **Infrastructure:**
 - a. Infrastructure represents those major costs associated with the development of new roads and bridges within the County.
 - b. These costs include Highway Construction and Pavement, Curb and Gutter for County roads, and Fencing and Gates on County property.
 - c. The annual cost to maintain infrastructure assets allow the assets to continue to be used during its originally established useful life.
 - d. Maintenance costs are expensed in the period incurred.
 - e. The recording of infrastructure within Fixed Assets is a requirement as prescribed by GASB 34.

F. DEPRECIATION:

1. Items classified as “Capital Assets”, other than land and other inexhaustible assets, will be depreciated using a straight-line method.
2. Salvage value will be recorded as zero on all depreciable assets.
3. The following general guidelines (established by the Internal Revenue Service) have been adopted for the life of depreciable assets:

Buildings	27.5 to 40 years, depending on construction
Building Improvements	20 years
Leasehold Improvements	5 years or the term of the lease, whichever is longer
Land Improvements	20 years
Equipment (Non-Office)	10 years
Office Furnishings	7 years
Office Equipment	5 years
Motor Vehicles	3 years
Computer Equipment	3 years
Law Enforcement Equipment	5 years
Life Safety Equipment	5 years
Heavy Equipment	5 years
Small Equipment	3 years
Trailers	10 years

4. The following lives have been established for infrastructure assets:

Airport Runways	30 years
Bridge- Culverts	40 years
Cattle Guards	30 years
Curbs and Gutters	30 years
Drainage Channels	50 years
Fencing --Barbed Wire	40 years
Fencing-Chain Link	30 years
Fire Hydrants	25 years
Irrigation Systems	25 years
Lighting system--Traffic	15 years
Roads—Paved	40 years
Roads—Asphalt/Rural	40 years
Roads—Asphalt/Urban	30 years
Roads—Gravel	15 years
Roads—Non-paved	50 years
Sewer—Sanitary, Storm	40 years
Sidewalks	20 years
Signage—posts, body, material	10 years

G. GAIN OR LOSS ON DISPOSAL OF CAPITAL ASSETS:

1. Periodically, assets of the County may be deemed to be salvage or surplus property.
2. These assets will be disposed of in accordance with the applicable state laws.
3. At the time of disposal, the County Auditor will record the appropriate gain or loss, if any, on the asset disposed.

III. STATE LAWS REGULATING FIXED ASSETS

- A. State law requires that all purchases for the County Fixed Assets be made in one of two ways:
 - 1. All purchases costing in excess of the statutory limit, set by the legislature must be made through the formal bid process where a request is made through the Commissioners' Court to make the purchase. As of June 19, 2009 that limit was set at \$50,000.
 - a. The bid/proposal purchase request is advertised according to State Law.
 - b. All sealed bids/proposals are accepted by the Purchasing Agent who will tabulate the bids and make recommendations to the Commissioners' Court, who will award to the lowest most responsible bidder and/or best proposal. (Texas Local Govt. Code, Chapter 262 – Sections 262.001 through 262.036).
 - 2. All purchases of goods and/or services less than the statutory limit, must be made through the Purchasing Agent. (Texas Local Govt. Code, Chapter 262 –Section 262.011).
- B. State law also provides for the disposition of salvage or surplus property as follows:
 - 1. Salvage and surplus property owned by the County may be disposed of by sale using competitive bid or auction, trade-in for new property, or by being destroyed as worthless if it cannot be sold.
 - a. The Commissioners' Court may dispose of certain property by donating the property to a civic or charitable organization located in the County.
 - b. The Commissioners' Court may sell to another County or another governmental entity within the County without competitive bid or auction. (Texas Local Govt. Code, Chapter 263 – Sections 263.151 through 263.158).
 - 2. 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.

IV. RESPONSIBILITIES OF COUNTY OFFICIALS

- A. **RESPONSIBILITIES OF THE DEPARTMENTS:**
 - 1. The Department Head/Elected Official should read, review and utilize the Fixed Asset Policies and Procedures.
 - a. The Department Head/Elected Official may designate an employee to be trained and/or participate in a Purchasing Department training session on Fixed Assets.
 - b. The Department Head/Elected Official must provide a list of additional authorized departmental employees to sign a Property Acquisition, Transfer and Disposition Form ("Transfer Sheet") to the Purchasing Department.
 - 2. The Department Head/Elected Official shall be held responsible for proper accounting, inventory, maintenance, and use of all County Fixed Assets assigned to their department.
 - 3. The Department will conduct and complete the annual inventory of Fixed Assets assigned to their department, according to the instructions submitted to them by the Purchasing Department.
 - 4. The Department Head/Elected Official must sign the Departmental Inventory Printout and Asset Inventory Verification Form recognizing his/her responsibilities concerning the assets assigned to the department, and accepting the responsibility for the assets.

5. Any Department Head/Elected Official leaving the employment of the County shall arrange with the County Auditor and/or Purchasing Agent for a detailed inventory of all assets assigned to the department before the Department Head/Elected Official leaves office.
 - a. The Auditing Department will conduct an exit inventory and submit a report to the Purchasing Agent.
 - b. Any discrepancies will be reported, by the Purchasing Agent, to the Commissioners' Court for appropriate action.
6. County assets assigned will be used for County business only.
7. Lost or stolen assets will be reported immediately, and also in writing, by the Department to the Purchasing Agent, the County Auditor, the proper law enforcement agency, and the Insurance Department. A Property Acquisition, Transfer and Disposition Form will be issued, with the law enforcement agency report attached.
8. Each Department must include, in their yearly budget request, the assets (furniture and equipment) deemed necessary for operation of their department (GASB 34).
9. The Department must get Information Technology's authorization on requests for data processing equipment for specification compatibility with the County's systems.
10. During the budgeting process:
 - a. The Purchasing Department can assist in the assignment of an appropriate line item account for an asset.
 - b. The Auditor's office will determine the final decision on the appropriate general ledger account in which the budgeted asset amount will be included.
11. The Department will then work with the Purchasing Agent to develop specifications for the purchase of the Fixed Assets and to develop a vendor list.
12. Specifications will be written in accordance with purchasing laws and policies in mind so that there is no unwarranted favoritism toward specific vendors.
13. The Department will assist in the evaluation of bid/proposal, after they are opened, to determine whether they meet the specifications.
14. The Department shall have discretion to make decisions on the types of individual items to be purchased with funds budgeted out of Departmental Furniture and Equipment -5199 "Inventory Assets". Approval by the Commissioner's Court is not necessary for changes in the specific items to be purchased from this account.
15. The Department must get Commissioners' Court approval prior to any changes to a budgeted "Capitalized Asset".
16. **The Department DOES NOT HAVE THE AUTHORITY to destroy, or discard any County property.**
17. A request to make a transfer of furniture or office equipment shall be submitted to the Asset Inventory Manager in the Purchasing Department with a completed Transfer Sheet.
 - a. The department may bring the asset to the Purchasing Department.
 - 1.) Prior notification to the Asset Inventory Manager is required to set up a delivery schedule, depending upon warehouse space availability.
 - 2.) The Transfer Sheet shall accompany the delivery, and be filled out, with appropriate signatures.
 - b. If the department requires assistance from the Building Maintenance staff, the following procedure has been established:
 - 1.) The department must submit a filled out (tag number and or description of the asset to be moved) Transfer Sheet to the Purchasing Department.

- 2.) The Purchasing Department will submit the request and all documentation to the Building Maintenance Department notifying them of the movement request.
 - 3.) Building Maintenance staff will use the copied Transfer Sheet when they move the asset.
 - a.) The Transfer Sheet must be signed by a “witness of the removal”, “witness of the receiver”, and the “mover”.
 - b.) After signatures, the Department should make a copy of this Transfer Sheet prior to the equipment being removed for their temporary records of the transaction.
 - c.) The filled out copy of the Transfer Sheet should be returned to the Asset Inventory Manager in the Purchasing Department when the movement has been completed.
 - c. The Department Head/Elected Official will be responsible for all assets assigned to his/her department until the Transfer Sheet has been completed, approved, recorded in the Fixed Asset system and signed by all required parties.
18. A request to make a transfer of data processing equipment shall be submitted to the Fixed Asset Manager in the Purchasing Department with a completed Transfer Sheet.
- a. The department may bring the asset to the Purchasing Department.
 - 1.) Prior notification to the Fixed Asset Manager in the Purchasing Department is required to set up a delivery schedule, depending upon warehouse space availability.
 - 2.) The Transfer Sheet should, accompany the delivery, be filled out, and signed.
 - 3.) The Information Technology (IT) department will be informed of the receipt of the equipment for their review and advisement.
 - b. If the department requires assistance from the IT staff, the following procedure has been established:
 - 1.) The Department or IT must fill out a Transfer Sheet as to a tag number and or description of the asset to be moved.
 - 2.) The Department or IT staff will use the Transfer Sheet when they move the asset.
 - a.) The Transfer Sheet must be signed by a “witness of the removal”, “witness of the receiver”, and the “mover”.
 - b.) After signatures, the Department should make a copy of this Transfer Sheet prior to the equipment being removed for their temporary records of the transaction.
 - c.) The filled out Transfer Sheet should be returned to the Asset Inventory Manager in the Purchasing Department when the movement has been completed.
 - c. The Department Head/Elected official will be responsible for all assets assigned to his/her department until the Transfer Sheet has been completed, approved, recorded in the Fixed Asset system and signed by all required parties.
19. Any surplus property in a department should follow the same transfer procedures as mentioned above and be returned to the Purchasing Department for re-assignment, pooled, or disposal.

B. RESPONSIBILITIES OF THE PURCHASING DEPARTMENT:

1. The Purchasing Department is responsible for all County assets (property).
 - a. All transactions having to do with Fixed Assets of the County must flow through the Purchasing Department's Asset Inventory Manager.
 - b. The Purchasing Agent is assigned the authority, by the Commissioners' Court, to move assets as the need may arise.
 - c. The Purchasing Department will supply all the necessary forms and information concerning the transfer and accountability of Fixed Assets assigned to the various County departments.
 - d. The Purchasing Department will provide training to anyone involved with Fixed Assets.
2. Each year the Purchasing Department will provide a detailed printed list of all Fixed Assets assigned to each department in the County.
 - a. The department shall, after taking a physical inventory of Fixed Assets in their department, return the printout to the Purchasing Department noting any difference in the printed list and actual inventory.
 - b. The Purchasing Department will make corrections and adjustments to the inventory records to reflect actual inventory count and prepare a consolidated report on all Fixed Assets owned by the County.
 - c. The Purchasing Agent will submit a report of the inventory of Fixed Assets to the County Auditor, County Judge, and District Judges of the County on or prior to July 1 of each year.
3. The Purchasing Department will notify the Department Head/Elected Official of any action by the Commissioners' Court regarding lost, stolen and/or missing assets.
4. The Purchasing Department and/or assigned assistants will tag and enter all Fixed Assets into the Inventory System.
5. Accumulation and disposal of assets of the County will take place under the supervision of the Purchasing Department, in accordance with laws of the State of Texas and instructions of the Commissioners' Court.

C. RESPONSIBILITIES OF THE AUDITING DEPARTMENT:

1. The County Auditor is responsible for the correctness of all records and reports as reflected on the County's General Ledger relating to general Fixed Assets of the County.
2. The County Auditor will audit Fixed Asset inventory held in the Purchasing Department and audit actual equipment held by various departments in the County to determine the accuracy of the inventory records.
3. The County Auditor shall ensure that all equipment is charged to Capital Expenditures accounts as approved by the Commissioners' Court, and reconcile the Capital Expenditures to the general ledger. When changes are made to the Fixed Asset account charged, the Purchasing Department will be notified of the change.
4. The County Auditor will establish the depreciation method and lives for all Fixed Assets.
5. The County Auditor will establish accounting and reporting guidelines and procedures to be used by the Purchasing Agent and the County departments in maintaining accurate Fixed Asset information.
6. The County Auditor will establish reports to be used to reflect current status of Fixed Assets belonging to the County and will incorporate those reports into monthly, quarterly and annual financial reports of the County.

V. FIXED ASSET PROCEDURES

A. PURCHASE OF FIXED ASSETS:

1. The purchase of Fixed Assets will follow the Ector County Procurement Policy and Procedures on the request of budgeted goods and/or services.
2. When possible, all purchases of like items will be made in one annual buy in order to obtain quantity and delivery discounts.
3. The Purchasing Department can issue a Purchase Order to the successful vendor and they should deliver the Fixed Assets in accordance with instructions.
4. Assets shall be added to inventory at cost, or if cost is not available, at estimated cost as determined by the Purchasing Agent and County Auditor.
5. The Purchasing Department will record acceptance of the Fixed Asset, assign a tag number which will be affixed to the asset, and set up the asset on inventory records.
6. A Transfer Sheet will be sent to the receiving department for acceptance.
7. Upon acceptance of the Fixed Asset, the receiving Department Head/Elected Official accepts responsibility for the asset and shall meet all conditions of reporting, accounting, and use of the asset for County purposes only.

B. **PROPERTY ACQUISITION, TRANSFER AND DISPOSITION FORM:** The Property Acquisition, Transfer and Disposition Form (Transfer Sheet) is to be used for a variety of transactions, which are described below. See attached form page 20. This form may also be found on the Ector County website.

The types of transactions to be recorded on this form are as follows:

1. **TYPE OF TRANSACTION:** (Check the appropriate line)
 - a. Permanent Transfer – an asset assigned permanently to a department
 - b. Used for Parts – an asset that no longer functions but parts from it can be used on other assets.
 - c. Transfer to Auction – an asset that will be disposed of, by the approval of the Commissioners’ Court
 - d. Other – any other type of movement of an asset
2. **NEW EQUIPMENT:** Purchases of new equipment which are assigned to the receiving department.
 - a. Vendor Name. This is the name of the vendor from which the asset was purchased.
 - b. Acct.#. This is the line item expenditure account number budgeted for the purchase.
 - c. Value \$. This is the total cost of the asset.
 - d. Acquired Date. This is the date the payment is finalized.
 - e. P.O. #. This is the Purchase Order number issued for the purchase of the asset.
 - f. Tag #. This is the numbered tag, issued by the Purchasing Department, assigned to the asset.
 - g. Serial #. This is the serial number of the asset purchased.
 - h. Description. This is the full description of the asset (Type, Make, Model, etc.)
 - i. Trade-In to Vendor: This will occur when a County asset is used for a Trade-In discount, for the purchase of another like item, that is offered by the vendor and accepted by the County.
 - 1.) Tag #. This is the tag number of the County asset that is to be Traded-In.
 - 2.) Description. This is the description (Type, Make, Model, etc.) of the County asset that is to be Traded-In.

3. **DONATED EQUIPMENT:** This is equipment that has been donated, with the approval of the Commissioners' Court, to the County.
 - a. From. This is the name of the person, vendor, Agency, etc. that the donation was accepted from.
 - b. Value \$. This is the estimated cost of the asset.
 - c. Acquired Date: This is the date the asset was accepted by the County.
 - d. Tag #. This is the numbered tag, issued by the Purchasing Department, assigned to the asset.
 - e. Serial #. This is the serial number of the asset.
 - f. Description. This is the full description of the asset (Type, Make, Model, etc.).

4. **TRANSFER:** This is for the transfer of furniture and equipment within a department and between departments.

NOTE: Secondary locations (Office or Area) is a requirement in the Fixed Asset Inventory system. This is also beneficial for the departments during the annual inventory for an easy way to locate the assets. It is very important that even internal moves of assets from one office to another be reported, using this form, to the Purchasing Department for updates to the Fixed Asset Inventory system.

- a. Tag #. This is the tag number assigned to that asset.
- b. Description. This is the full description of the asset (Type, Make, Model, etc.).
- c. **From Dept:** This is the department that the asset is being moved from.
 - 1.) Name & #. This is the name of the department and assigned financial department number.
 - 2.) Secondary location. This is the ROOM #, Office #, Desk #, or person the asset is assigned to.
 - 3.) Witness. This is the person, from the department, that saw the asset being removed from the department.
 - 4.) Moved by: This is the person that is actually moving the asset.
- d. **To Dept:** This is the department the asset is being moved to.
 - 1.) Name & #. This is the name of the department and assigned financial department number.
 - 2.) Secondary location. This is the ROOM #, Office #, Desk #, or person the asset is assigned to.
 - 3.) Witnessed Received By. This is the person, from the department, that saw the asset being moved into the department.
 - 4.) Moved by: This is the person that is actually moving the asset.

5. Signatures:

- a. **FROM:** This is the Department Head/Elected Official signature authorizing and approving the transaction of from where the asset came from.
- b. **TO:** This is the Department Head/Elected Official signature authorizing and approving the transaction of the where the asset went to.
- c. **PURCHASING AGENT:** This is the Purchasing Agent's signature authorizing and approving the transaction.

C. RESPONSIBILITIES OF THE ACCOUNTING SYSTEM FOR FIXED ASSETS:

The current accounting system includes the following elements:

1. **Asset Tagging System:** All Fixed Assets will be tagged with a unique number which will also be entered in the inventory system.
 - a. The location in which tags will be affixed to assets shall be determined by the Purchasing Agent and administered in a standard manner.
 - b. After assets are initially tagged, it will be the responsibility of the department to notify the Purchasing Agent of missing tags.
 - c. In special cases, assets may have an unnumbered tag to distinguish between personal-looking assets belonging to Ector County and personnel property belonging to persons working within a department.
2. **The Fixed Asset Inventory System:** 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 Purchasing Agent and County Auditor.
 - a. Additions and retirements to Fixed Assets will be recorded in the systems on a timely basis.
 - b. On a monthly basis, general ledger records will be reviewed to assure that all additions and deletions have been recorded.
 - c. The County Auditor shall reconcile the detailed inventory of Fixed Assets recorded as "Capital Assets" to the general ledger at least quarterly.

D. INVENTORY OF FIXED ASSETS: The purpose of the inventory is to verify the accuracy of the Fixed Asset records and account for all of the assets assigned to each department. During February or March, of each fiscal year, each department will receive a computer printout of the inventory of all the assets assigned to their department. This will include all required documents - An Instruction sheet and a Return Date notice.

1. The Department Head/Elected Official is required to take and complete in a timely manner, the inventory of all Fixed Assets assigned to their department.
2. All assets listed on the departmental inventory printout shall be accounted for.
 - a. If an asset can not be accounted for by the department, the Purchasing Department will:
 - 1.) Assist the department in trying to find the asset.
 - 2.) Review all the other departmental inventories to see if the asset was located and/or added to another department.
 - b. If an asset can not be accounted for, by the department and/or Purchasing, then it will be considered "missing".
 - 1.) The Purchasing Department will inform, in writing, the Department Head/Elected Official, that an asset is considered missing.
 - 2.) The Department Head/Elected Official should attempt to find the asset and report their findings in a written response back to the Purchasing Department.
 - 3.) When the yearly Inventory is completed the Purchasing Agent will provide, for the Commissioners' Court, a report of all the missing assets from each department.
 - 4.) At the discretion of the Commissioners' Court, the Department Head/Elected Official may be required to reimburse the County, at a value established by deducting from the original cost, straight line depreciation calculated on IRS life down to a residual of 10%.

- 5.) If the Commissioners' Court requires reimbursement of the missing asset, a Report of the Value, to be reimbursed, will be made to the Department Head/Elected Official on the designated form. See attached form page 19.
- c. If an asset is found in the department which is not listed on the departmental inventory printout, it must be listed on an "Add On Sheet" and turned in with the inventory printout so that the assets may be recorded correctly to Fixed Asset records. See attached "Add On Sheet" form page 18.
- d. When the department has completed the inventory, the person who conducted the inventory and the Department Head/Elected Official must sign the inventory printout and the Asset Inventory Verification Form. See attached form page 17.
- e. The Departmental Inventory Printout and all required documents must be returned to the Purchasing Agent by the stated "Return Date" notice. Additional time may be allowed by requesting it of the Purchasing Agent.
- f. The Purchasing Department will make all corrections and adjustments to inventory records to reflect actual inventory count.
- g. A copy of the inventory shall be made available to the County Auditor, County Judge and District Judges of the County, in accordance with requirements of the Texas Local Govt. Code – Section 262.011 (i).
3. If there is a change of a Department Head/Elected Official during the fiscal year, the Purchasing Agent and/or County Auditor should be notified of the change with sufficient time for an inventory to be made of the Fixed Assets of the department. Upon completion of the final inventory, any discrepancies shall be reported to the Commissioners' Court for appropriate action.

E. DISPOSITION OF FIXED ASSETS:

1. All assets owned by the County may be disposed of by sale, by competitive bid or auction, by trade-in for new property, or by being declared as worthless, if it cannot be sold.
2. The Commissioners' Court may dispose of assets by donation to a civic or charitable organization located in the County. The Court may also sell to another County or another governmental entity within the County.
3. The following procedures should be followed:
 - a. Equipment which is broken, is no longer needed in a department, or is to be traded-in, must follow the transfer of an asset as previously described in Section B.
 - b. The Purchasing Agent will periodically request that the Commissioners' Court declare property as "surplus" (in excess of needs - useful) or "salvage" (has no value - not useful).
 - c. Surplus and salvage property shall be disposed of according to State laws on disposition of assets.
 - d. County employees will be allowed to bid on surplus property offered to the public, just as any other citizen of the County.
4. Any stolen, abandoned or confiscated property seized by a peace officer may be disposed of in accordance with Article 18.17, Texas Code of Criminal Procedure.
5. The County Auditor shall determine the required entries in the general ledger to reflect the disposition of an asset.



ECTOR COUNTY, TEXAS

ASSET INVENTORY VERIFICATION FORM

The annual inventory of assets in the Ector County Department listed below has been conducted in accordance with the instructions provided. The printout of the stated Department with corrections noted is verified to be accurate. The Department Head/Elected Official who has signed below accepts full responsibility for inventoried assets assigned to this department.

Department _____

Authorized person who verified inventory _____
(signature and print name)

Department Head/Elected Official _____
(signature)

Date _____



ECTOR COUNTY, TEXAS

TO: Department Head/Elected Official

DEPARTMENT: _____

FROM: Kenneth D. Lind
Purchasing Agent

DATE: _____

RE: **Fixed Assets Missing in Inventory**

The assets listed below have been determined to be missing from your department. According to the policy of the Ector County Commissioners' Court, it is your responsibility to locate the assets or to replace them at a value established by deducting from the original cost, straight line depreciation calculated on IRS life down to a residual of 10%. If you do not agree with the value to be reimbursed, you have the right to appeal to the Commissioners' Court during one of their regular meetings.

<u>Asset Tag No.</u>	<u>Description</u>	<u>Value</u>
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Note: Payments shall be made to the Ector County Treasurer, 1010 E. 8th Street, Odessa, Texas 79761.

**ECTOR COUNTY
PROPERTY ACQUISITION, TRANSFER AND DISPOSITION FORM**

TYPE OF TRANSACTION:

Permanent Transfer ___ Used for Parts ___ Transfer to Auction ___ Other _____

NEW EQUIPMENT: Vendor Name _____; Acct.# _____

Value \$ _____; Purchase Date _____; P.O. # _____

Tag # _____; Serial # _____

Description _____
(Type, Make, Model, Color, Etc.)

Trade-In to Vendor: Tag # _____

Description _____
(Type, Make, Model, Color, Etc.)

DONATED EQUIPMENT: From _____; Value \$ _____

Acquired Date _____; Tag # _____; Serial # _____

Description _____
(Type, Make, Model, Color, Etc.)

TRANSFER:

Tag # _____ Description _____
(Type, Make, Model, Color, Etc.)

From Dept:

To Dept:

Name _____ # _____

Name _____ # _____

Secondary location (Room #) _____

Secondary location (Room #) _____

Witness: _____

Witness: _____

Removal By: Printed Name & Date

Received By: Printed Name & Date

Moved By: _____
Printed Name & Date

Moved By: _____
Printed Name & Date

BY: _____
Authorized Signature & Date

TO: _____
Authorized Signature & Date

PURCHASING AGENT: Signature & Date _____