

RANDALL COUNTY



FIXED ASSET POLICY

April 2002
Revised 5/20/2014

I. INTRODUCTION

The Taxpayers of Randall 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 Randall County, the County Purchasing Agent serves as property manager for the county. The Purchasing Agent must file an inventory 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 and each of the members of the board that appoints the County Purchasing Agent. (See: Section 262.011 (i) – TEXAS LOCAL GOVERNMENT CODE).

The Purchasing Agent also has control over the transfer of equipment from one department to another. (See: Section 262.011 (j) – TEXAS LOCAL GOVERNMENT CODE).

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.

Laurie Jones,
Randall County Purchasing Agent

II. 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 Randall County:

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 \$500.00 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. Furnishings and Equipment
4. Vehicles

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

LAND

Any land purchased or donated to Randall 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.

FURNISHINGS AND EQUIPMENT

Office furnishings and equipment are items of furniture and office equipment, which are common to many offices in the county. When possible, all purchases of a like nature will be made in one annual buy in order to obtain the best possible price by group purchase. Whenever practical, the Purchasing Agent will transfer assets rather than purchase furniture and equipment. A surplus of used items of furniture and equipment is established under the supervision of the Purchasing Agent.

VEHICLES

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. PURCHASING AGENT RESPONSIBILITIES

1. The County Purchasing Agent is the person responsible for the maintenance of property records. All transactions having to do with fixed assets of the county must flow through the Purchasing Agent 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 Purchasing Agent whom has the authority to move surplus assets from one department to another and re-assign fixed assets as the need may arise. The Purchasing Agent 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 Purchasing Agent 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 Purchasing Agent denoting any differences in the printed list and actual inventory. The Purchasing Agent will make all corrections and adjustments to inventory records to reflect actual inventory count and provide the County Auditor with a consolidated report on all fixed assets owned by the county. Upon completion of the annual inventory of fixed assets, the Purchasing Agent will provide a complete list of fixed assets to the County Auditor and each member of the board that appoints the County Purchasing Agent.
3. The Purchasing Agent will tag all fixed assets 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 Purchasing Agent, in accordance with the laws of the State of Texas and instructions of 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 Purchasing Agent for a detailed inventory of all assets assigned to the department before the official or department head leaves office. 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 Purchasing Agent, the County Auditor 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. If approved for purchase by the Commissioners Court, the departmental official will then work with the Purchasing Agent to develop specifications for the purchase of the fixed assets, and to develop a vendor list. Specifications will be written in accordance with state purchasing laws so that there is no unwarranted favoritism toward specific vendors. The department head will also assist in the evaluation of bids to determine whether they meet specifications after they are opened.
5. An annual inventory of fixed assets will be taken under the direction of the Purchasing Agent. Each department head/official will receive a computer printout of all equipment assigned to their department each year. The Purchasing Agent, from records maintained in the Purchasing Department, 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 Purchasing; 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 surplus for reassignment or auction.
7. Randall County assumes no liability for employees' personal assets located in county buildings.
8. Employee shall provide supervisor with a list of any personal belongings that will be kept in a county building.

V. COUNTY AUDITOR RESPONSIBILITIES

1. The Auditor will audit fixed asset records held in the Purchasing Department and audit actual equipment held by various departments in the county to determine the accuracy of inventory records.
2. The Auditor will verify that all equipment is charged to capital expenditure accounts as approved by the Commissioners Court.

VI. ACCOUNTING SYSTEM FOR FIXED ASSETS

The Purchasing Agent has overall responsibility to maintain accurate records of fixed assets of Randall County. The current accounting system includes the following elements:

1. Property Tagging System – All fixed assets will be tagged with a unique number, which will be entered in the detailed inventory system. The location in which tags will be affixed to assets will be determined by the Purchasing Agent and administered in a standard manner. After assets are initially tagged, it will be the responsibility of the department head to notify the Purchasing Agent of missing tags. Only numbered inventory items will appear on each department's fixed asset report.
2. The Computer 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. 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.
3. Reports currently available from the inventory accounting system include the following:
 - Departmental Acquisitions
 - Departmental Inventory Reports
 - Disposition Reports
 - Transfers In/Out by Department

(A sample of the format of these reports is available in the Purchasing Department)

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

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

1. Requests for a budget allocation or amendment will be made by:
 - 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 or Purchasing Agent 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 Purchasing Agent 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. Bids will be obtained for the fixed asset by the following procedures:
 - 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 - \$2500.00 - 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. \$2501.00 - \$10,000.00 – Purchasing or requesting department shall attempt to obtain quotes from at least three (3) vendors who have evidenced interest in bidding. Phone quotes and online pricing are acceptable forms of quotes. Phone quotes and online pricing must be notated on requisition.
 - d. \$10,001.00 - \$24,999.00 – Purchasing or requesting department shall obtain three written quotes from vendors who have evidenced interest in bidding. Written quotations will be required from all bidders verifying the quoted price, quantity, description, delivery, terms, etc. Online pricing is not an acceptable quote. All quotes must be attached to requisition.
 - e. \$25,000 - \$50,000.00 – Purchasing will obtain written quotes from a minimum of three (3) bidders who have evidenced interest in bidding. A minimum of three (3) bids **must** be received. If a minimum number of bids cannot be obtained, a written explanation shall be furnished. Quotes will be kept filed in the Purchasing Dept.
5. The lowest and best bidder (person or company who submitted a bid which conforms in all material respects to the Invitation to Bid) will be determined. The Purchasing Agent will make award for items under \$50,000.00. Items for which formal bids are taken will be awarded by the Commissioners Court based on recommendations made by the Purchasing Agent and the department.
6. The Purchasing Department will issue a Purchase Order to the successful vendor after receiving requisition with applicable quotes attached.
7. The vendor will deliver the fixed assets in accordance with instructions on the Purchase Order.
8. The Purchasing Department will record acquisition of the fixed asset, assign a tag number which will be affixed to the asset, and set up the asset on inventory records.
9. If the asset is delivered directly to the department, it is the department heads responsibility to notify the Purchasing Department in order to tag the new equipment.

10. Upon acceptance of the fixed asset, the receiving department head accepts responsibility for the asset and will meet all conditions of reporting, accounting, and use of the equipment for county purposes only.

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
 - (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 surplus. A transfer of asset form will be sent from department to Purchasing.
2. The Purchasing Agent will periodically request that the Commissioners Court declare property surplus (in excess of needs useful) or salvage (has no value for the purpose for which it was intended). Surplus and salvage property will be competitively bid or auctioned under the state laws on disposition of property. (LGC §263.152) Randall County employees will be allowed to bid on surplus property offered to the public, just as any other citizen of Randall 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. All property removed from a department and sent to surplus or another department requires an asset transfer form filled out and sent to Purchasing. Transfer of Asset form must be signed by giving and receiving departments. Purchasing will sign for property that is being transferred to surplus. Purchasing will enter the transfer into the inventory maintenance system upon completion of form.
2. All technology items from department removed by I.T will be required to have a transfer of asset form filled out and signed by I.T. and user department. It will be the responsibility of the user department to ensure the transfer form is signed. Purchasing will transfer the asset after both signatures have been obtained.

3. All technology items transferred from I.T. inventory to a department will be required to have a transfer of asset form filled out and signed by I.T. and the user department. It will be the responsibility of the department to ensure the transfer form is signed. Purchasing will transfer the asset after both signatures have been obtained.
4. Technology items that have been transferred to I.T. storage in preparation for surplus (for removal of hard drives, memory, etc) will be inventoried by Purchasing as asset is being transferred to surplus. Purchasing will supply I.T. a signed list of assets removed from I.T. storage and will transfer asset from I.T.'s inventory after location verification of those assets.

STATE LAWS REGULATING PURCHASE AND DISPOSAL OF FIXED ASSETS

State law requires that all purchases made for Randall 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 Purchasing Agent who will tabulate the bids and make recommendations to the Commissioners Court who will 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 Randall County will be maintained by the Purchasing Department. This inventory will be updated on a regular basis and will be balanced to the General Ledger fixed asset account.
2. An inventory of all county property will be made annually under the supervision of the Purchasing Agent. The purpose of the inventory is to verify the accuracy of the fixed asset records. Each department official will receive a computer printout 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 Purchasing Agent. If an item is missing, it is the responsibility of the department official to replace the missing item or to find and account for the missing 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. After corrections are made, a final inventory listing will be sent for department officials' signature and returned to the Purchasing Agent by stated deadline.
3. The Purchasing Department 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. A copy of the inventory will be provided to the County

Auditor and the Purchasing Board, in accordance with requirements of the TEXAS LOCAL GOVERNMENT CODE – SECTION 262.011 (I).

4. If there is a change in elected official or department head during a fiscal year, the Purchasing Agent 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 Acquisition, Transfer and Disposition Forms will be used for a variety of transactions, which are described below. All Acquisition Forms will be filled out by Purchasing. Transfer and Disposition Forms will be filled out by originating department and submitted to Purchasing for approval. After approval, transfer of assets will take place. All property forms will be kept in Purchasing. The types of transactions to be recorded on these forms are as follows:

1. **New Equipment** – purchases of new equipment by the Purchasing Department which are assigned to the receiving department (Acquisition Form)
2. **Used Equipment** – purchases of used equipment by the Purchasing Department which are assigned to the receiving department (Acquisition Form)
3. **Donated Equipment** – equipment donated to Randall County as a gift. (Acquisition Form)
4. **Permanent Transfer** – item transferred permanently from one department to another (Transfer Form)
5. **Transfer to Surplus** – surplus equipment transferred to the Purchasing Department to be used elsewhere in the county (Transfer Form)
6. **Destroyed** – assets, which have been destroyed after confirmation by the Purchasing Agent, and should be removed from asset records (Disposal 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 (Disposal Form)
8. **Missing or Stolen** – items lost or stolen will be reported immediately to the Purchasing Agent, County Auditor and the proper law enforcement agency (if stolen). (Disposal Form)
9. **Trade-In** – if a department head proposed to trade in equipment at the time of a purchase, the Purchasing Agent should be notified of this possibility at the time the purchase is requested. (Disposal Form)

VIII. APPROVAL/ REVISION HISTORY

04/2002	Court Approval	Original Document
05/06/2014	Court Approval	Revisions / forms
05/20/2014	Court Approval	Revision fixed asset threshold

Ernie Houdashell, County Judge

May 06, 2014
Date

Attest:

Renee Calhoun, Randall County Clerk

FIXED ASSET DISPOSAL FORM

Department: _____

Asset/Inventory Tag Number: _____ Serial Number: _____

Unit Number: _____ License Plate Number: _____

Description: _____

Date of Disposal: _____

Reason for Disposal (check one)

- Delivered to Surplus for inclusion in auction
- Asset was thrown away because it was obsolete or no longer useable and deemed to have no market value.
- Asset was lost, stolen, or otherwise disappeared (explain)

- Asset is broken or was destroyed (explain)

- Other (explain)

Department Officials Signature

Purchasing Dept. Signature

Date

NOTE*Completed form to be forwarded to the Purchasing Department.

For Purchasing Use Only

Location Code	Entered Inventory Maintenance Date: _____ By: _____
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TRANSFER FORM

Date: _____

Asset Tag#: _____

Description: _____

Serial#: _____

Transfer Out: _____

Department

Transfer In: _____

Department

Reason for Transfer: _____

Department Signature

Department Signature

For Purchasing Use Only

Location Code Out	Entered Inventory Maintenance
Location Code In	Date: _____ By: _____