

FP 23: Inventory and Control of Fixed Assets

The County will maintain inventory and control of fixed assets in accordance with generally accepted accounting principles (GAAP) and comply with all laws, regulations, contracts, grants, and other legal requirements.

DEFINITION

- A fixed asset is any item with a monetary value of \$1,000.00 or more and a useful life of one year or longer. Weapons will be considered of a fixed asset regardless of value. Weapons may include, but are not limited to, firearms, tasers, replicas, and animal control devices.
- An addition or improvement to an existing fixed asset will be considered as a fixed asset purchase. An addition is a physical addition that did not exist as part of the original fixed asset. An improvement consists of replacing some significant part which results in an increase in the overall original life or value of the original asset.
- The Finance Office will make the final determination as to whether or not an item is a fixed asset.
- All fixed assets must be budgeted and purchased from the Capital Outlay account group.

VALUATION

- Fixed assets will be accounted for at cost, or, if the cost cannot be determined, at estimated cost. The cost of a fixed asset includes not only its purchase price or construction cost, but also any charges necessary to place the asset in its intended location and condition for use. These extra charges include such costs as freight, transportation charges, and site preparation expenditures. Construction cost includes materials as well as labor. Donated fixed assets will no longer be recorded at their estimated fair market value at the time received. When an item is donated, a statement from the donor should accompany the item stating that the item being donated to the County by the donor and what the donor estimates the value of the item is at the time of donation.

RESPONSIBILITY

- Department Heads are responsible for inventory and control of all fixed assets in their department. Division Supervisors are immediately responsible for control and accountability of all fixed assets on their inventory.
- The Finance Office is responsible for maintaining inventory records and for performing an annual audit (inventory) of fixed assets. The Finance Office is responsible for obtaining tags for the County vehicles.
- The Finance Director is responsible for disposal of fixed assets.
- The Equipment Maintenance Superintendent determines the disposition of motive equipment, inspects motive equipment upon acquisition, maintains maintenance records, and prepares vehicles for auction.

ACQUISITION

- Fixed assets may be acquired by outright purchase, construction, lease-purchase agreement, installment purchase contract, or donation. Items purchased outright or donated will be recorded at the time of acquisition. Items purchased on a lease-purchase agreement or installment purchase contract will be recorded at the inception of the agreement. Items that are constructed will be placed on inventory at the time of completion of construction.

- Upon receipt of a fixed asset, the following actions will be taken to add the item to the inventory:
 - The appropriate Division Supervisor will submit an inventory control form, Form A - Property Disposition Request to the Finance Office. The inventory form must be completely filled out by the Division submitting the form except for the inventory number.
 - Upon receipt of the inventory form, the Finance Office will assign an inventory number, and the item will be added to inventory records.
- The Division will receive a computer printout showing the addition of the item and inventory number assigned to the item.
- The Division Supervisor will be responsible for affixing the inventory number on the item.

EXCEPTION-MOTIVE EQUIPMENT

The following procedures apply to acquisition of motor vehicles:

- Prior to award of a contract by the Board of County Commissioners, the Finance Office will advise the Division Supervisor to prepare a requisition to encumber funds.
- Following award by the Board of County Commissioners, the Finance Office will process the requisition.
- The Finance Office will obtain required signatures and make distribution of the contract. A copy of the P.O. will be attached to the contract which is forwarded to the vendor.
- The Finance Office is responsible for placing the order for motor vehicles. The P.O. and contract sent to the vendor constitutes the order request. A letter order will be attached to the P.O. for all vehicle orders.
- Upon delivery, the Department and the user Division Supervisor will inspect the vehicle to determine whether specifications are met. Signatures of the different division representatives on the invoice constitutes acceptance of the vehicle.
- Upon delivery and acceptance, the division will sign the invoice and forward to the Finance Office so that payment to the vendor can be processed. The Finance Office will assign an inventory number and obtain a vehicle license tag and title. Titles to all County vehicles will be maintained in the Finance Office.
- Upon receipt of a vehicle, the Division Supervisor will make arrangements with Equipment Maintenance to obtain special markings and equipment.

TRANSFER OF FIXED ASSETS

- A fixed asset may be transferred from one division to another within the same department. The Department Head or Division Supervisor is the approving authority for this type of transfer.
- The County Manager must approve interdepartmental transfers of motive equipment (vehicles).
- The losing division is responsible for submitting an inventory control form to the Finance Office to complete the transfer. Both the gaining and losing Division Supervisors must sign and date the form. For interdepartmental transfers, both losing and gaining Department Heads must also sign.
- Form A – Property Disposition Request must be completed and returned to the Finance Office. Upon receipt of the form, the Finance Office will enter the changes. Both divisions will receive a computer printout showing the transfer.

DISPOSAL OF FIXED ASSETS

Fixed assets can be removed from the inventory by: auction, sale through sealed bidding, trade-in, scrapping, or administrative action by the County Manager. The losing division must submit to Finance Office a completed Form A - Property Disposition Request for any item disposed of under this section.

- Sale by Auction: The County has at least one auction each year to dispose of surplus property. Prior to the auction date, divisions will deliver property to the Finance Office. An inventory control form will be forwarded with the property so that it can be removed from the division's inventory records. The losing division will receive a printout reflecting the transaction.
- Sale by Sealed Bids: Department Heads will request sale of surplus property through sealed bids by memorandum to the Finance Office, who will administer the bidding process, and prepare an agenda item for the Board of County Commissioners consideration.
- Trade-In: A Department Head and/or Division Supervisor may believe that an item will be of more value to the County if used as a trade-in. If this option is decided upon, the division must identify the item as a trade-in so that it can be included in the bid packet. The Finance Office will list the item on the bid sheet so that vendors can specify trade-in allowance.
- Scrapping: If a Department Head or Division Supervisor determines that an item no longer has value and would not provide revenue through sale, the item can be scrapped or otherwise destroyed. Form A - Property Disposition Request must be submitted to the Finance Office. The losing division will receive a printout reflecting the transaction.
- Administrative Action: If an item is lost or stolen, the Division Supervisor must fill out Form A - Property Disposition Request to report lost or stolen property. A police report must accompany Form A if the item has been stolen. The report is forwarded through the Department Head and Finance Director to the County Manager. Upon approval by the County Manager, the Finance Office will remove the item from the inventory and so advise the Department Head and Division Supervisor.

NOTE CONCERNING DISPOSAL OF MOTIVE EQUIPMENT:

A vehicle to be disposed of will be transferred to the Finance Office for auction by Form A - Property Disposition Request. The Finance Office will determine whether it should be retained for salvage or otherwise disposed of. If, upon inspection of the vehicle, the Finance Office determines that the vehicle is in good condition and should be retained in County service, a notice will be sent by the Finance Office to all departments/divisions advising that the vehicle is available for transfer. The County Manager must approve interdepartmental transfers. If more than one division requests the vehicle, the County Manager will make the determination as to which division the vehicle will be assigned. If no one wants the vehicle, the Finance Office can either retain it for general use or hold it for auction.

Prior to disposal of any County vehicles, the Department of Facilities Management will remove the County decal, State inspection sticker, license plate, and any other markings. Cost of materials will be charged to the losing division. Upon removal, the license plate should be sent to the Finance Office, who will then turn it over to the local license plate office.

Vehicle maintenance records will be retained by the Finance Office for three years after removal of the vehicle from the County's inventory. A copy of the records will be provided to the buyer upon request.

ANNUAL INVENTORY

A physical inventory of fixed assets will be performed by each division once a year. The Finance Office will coordinate the date and time of the inventory with the Division Supervisor.

The Department Head and/or Division Supervisor will be responsible for conducting an annual inventory of their respective areas. The Finance Office will send an inventory list to the appropriate division with a memo instructing the division to check for possession of the items listed. The Department Head and Division Supervisor will sign and date the completed inventory and return the list to the Finance Office, who will be responsible for verifying a sample of the inventory once the division has signed, dated, and returned the completed inventory list. Once the Finance Office has completed their audit of the inventory, they will provide the division with an updated inventory list reflecting any changes made as a result of the inventory audit.

If a Division has possession of fixed assets which do not belong to the County, the following special provisions apply:

- A fixed asset that belongs to a County employee and is being used by the employee must be clearly marked to show ownership.
- Any fixed asset that belongs to a non-employee, company, group, institute, etc. must be clearly marked to show ownership and also be listed on separate inventory maintained by the Division Supervisor. This separate inventory list must be kept current and made available at the time of the Division's annual inventory.

All fixed assets that are not as marked as belonging to someone else will be included on the Division's inventory list.

If an inventory item is "on loan" to another division for 6 months or more, the item will become part of the inventory of the receiving division. Transfer forms should be completed to formalize the change.

If, during the inventory or at any other time, an item cannot be located:

- The Division Supervisor will complete Form A - Property Disposition Request for lost or damaged property and forward through the Department Head and Finance Director to the County Manager.
- The County Manager will review and take appropriate action and Finance will delete the item from the inventory.
- The Division Supervisor and Department Head will receive a printout showing deletion of the item.