

SECTION:	Financial Management		POLICY #:	403
TITLE:	Fixed Asset Control		PROCEDURE #:	
			ORDER #:	99-50
DEPT:	Support Services		DIVISION:	
ADOPTED:	6/92, 5/99	REVIEWED:	REVISED:	2/96, 5/99

1.0 Purpose

This policy establishes policy and procedure for the control of Marion County fixed assets.

2.0 General Policy

Each department head and elected official will be responsible for the inventory, tagging and control of all fixed assets in his or her department.

3.0 Policy Guidelines/Procedures

- a. Definition of a fixed asset effective Fiscal Year 1998/99:
 - (1) It is tangible in nature, and
 - (2) It has a useful life of more than one year, and
 - (3) Individual units have a significant value (cost is greater than \$5,000). Individual units of assets with values less than \$5,000 may be tagged and placed on the County inventory for control purposes but would not be assessed value.
 - (a) The cost of an asset is determined by the purchase price as stated on the invoice, contract or appraisal.
 - For general fixed assets include taxes, freight and installation costs.
 - For land include legal, title and survey fees, escrow and closing fees, site preparation and demolition costs.
 - For buildings include architect, legal and appraiser fees, escrow and closing fees, insurance and interest during construction.

- (b) Salvage value is the amount of money the County can expect to recover after disposing of an asset at the end of its useful life. Property that has a salvage value of less than \$5,000 will be deleted.
- (c) The average life of the asset is determined from the following: (Equipment used in 24 hour operations may expire in fewer years.)

<u>ASSET</u>	<u>LIFE YEARS</u>
Office, shop, department & field equipment	5
Electronic & Communication equipment	3
Vehicles:	
Auto	6
Pickups	6
Sheriff vehicles	3
Trucks	10
Off-road vehicles & road maintenance equipment	10
Weapons	15
Buildings	50
Land improvements	25
Land	Indefinite

- b. Procedures for implementing
 - (1) The department determines its needs for equipment in the proposed annual budget. The value and life of the item determine the items that are to be placed in the Capital Outlay category. Purchases will be made in accounting accounts 53000 through 53299. Capital expenditures in accounting accounts 53300 through 53999 require the creation of a project through project accounting.
 - (2) Material and Services purchases applicable to capitalization will require the creation of a project through project accounting.
 - (3) Capital outlay purchases of less than \$5,000 applicable to capitalization will require project accounting.
 - (4) The budget officer reviews the request and recommends a budget to the budget committee.
 - (5) The budget committee holds public hearings on the proposed budget. It approves the budget and forwards it to the Board of Commissioners for adoption.
 - (6) The Board of Commissioners sets a public hearing to review the budget and after budget committee approval the Board of Commissioners formally adopts the budget.

- (7) When the department's budget is adopted thereby signaling approval of the requests for fixed assets, the department will initiate and submit a

purchasing requisition to Purchasing in Business Services Division of Support Services. The department will complete the requisition in accordance with standard procedures including the required documentation such as contracts or leases.
- (8) Purchasing reviews for compliance with purchasing regulations and authorizes the purchase order in accordance with standard procedures.
- (9) Business Services will issue a series of inventory numbers to each department.
- (10) Upon receipt of the item the department will attach an inventory number to the item. Upon implementation of the appropriate program, the department will determine the value, life expectancy, category code, location and other data to complete the fixed asset entry to the inventory data base. The inventory data must be included on the request for payment submitted to Business Services.
- (11) Business Services issues the check for payment of the item; the fixed asset will be added to the inventory through the automated accounting program.

c. Transfers and Retirements

- (1) If the department no longer has use of an asset, it is to be sent as surplus to Support Services for assignment to another department or sold through the State of Oregon surplus system.

The surplus process for exempted property will be authorized in writing by Support Services. Exempted property may include:

- 1) Property received through court ordered forfeiture, litigation on forfeiture or ordinance and statute enforcement actions.
- 2) Property purchased for sale to the public with special program funds.
- 3) Property with limited use by other county departments such as law books, voting and surveying equipment.

- (2) If an asset is determined to be of a greater value as a "trade-in" for the purchase of replacement equipment or vehicle, the department will request authorization from Support Services prior to entering into a contract or contractual agreement with the vendor.
- (3) Support Service will authorize the transfer, trade-in or surplus, coordinate the appropriate action. Delivery of an item to surplus or vendor is the responsibility of the department.

Surplus computer and software may be offered to interested parties as a surplus sale or donated in the following order:

- county departments with related programs
 - unrelated county department programs
 - Marion/Salem Data Center
 - schools relating to county programs
 - agencies in agreements with county departments
 - nonprofit organizations related to county services
 - nonprofit organizations with no relationship to the county
- (4) Fleet inventory control for county owned vehicles will be centralized through Support Services and delegated to Public Works. Business Services will give notice to Public Works upon receipt of a county vehicle. Public Works will audit the inventory of county vehicles, manage the redistribution of vehicles and the sale of surplus vehicles. The value of vehicles may be returned to the purchasing fund when notice is given at the time the vehicle is released for redistribution or surplus. Public Works will give notice to Property Management in Support Services upon redistribution or sale of vehicles for inventory control input.

d. Lost or Stolen

- (1) If a department is unable to locate an item, or if an item has been stolen, the department will give written notice to property management in Support Services. The notice shall include a description the effort to locate the item and the determination of the loss.
- (2) Stolen fixed assets should also be reported to the proper authority and a copy of the report forwarded to property management in Support Services

e. Inventory updates

- (1) Assets of a value less than \$5,000 will be deleted in preparation for the transfer of data from the historical data base to the current fiscal accounting data base and reported in the annual fiscal report.
- (2) The update of future deletions will be accomplished when the department takes a biannual physical inventory.

f. Physical Inventory

- (1) A physical inventory of the departments' assets will be preformed biennially by June 30. Business Services will forward current inventory listing to the departments for verification.
- (2) Any differences between the inventory listing and the physical inventory will be reported to the Board of Commissioners, which will approve or disapprove the disposition of the unreconciled differences.

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