

RESOLUTION NO. 7-96

AMENDS RESOLUTION NO. 105-94 AND 26-86

A RESOLUTION TO INCLUDE THE HUMAN RESOURCES DEPARTMENT IN APPENDIX A OF THE MASON COUNTY AUDITOR'S OFFICE PHYSICAL INVENTORY/FIXED ASSET POLICY AND PROCEDURES.

WHEREAS, RCW 36.32.210 requires the County Commissioners to inventory all county personal property annually.

WHEREAS, RESOLUTION 104-94 established the capitalization value of fixed assets as \$1000.00.

WHEREAS, RESOLUTION 105-94 adopted the PHYSICAL INVENTORY POLICIES AND PROCEDURES to establish accountability and management control over Mason County's inventory and fixed assets.

WHEREAS, a department of Human Resources was created within Mason County.

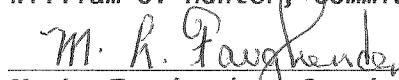
NOW, THEREFORE, BE IT RESOLVED, that the Board of Mason County Commissioners amend Appendix A of the PHYSICAL INVENTORY POLICIES AND PROCEDURES to include a line for the Human Resources Department. The amended PHYSICAL INVENTORY POLICIES AND PROCEDURES are hereby incorporated as part of this resolution.

Dated this 9th day of January, 1996

BOARD OF COUNTY COMMISSIONERS
MASON COUNTY, WASHINGTON


Mary Jo Cady, Chairperson


William O. Hunter, Commissioner


M. L. Faughender, Commissioner

ATTEST:

Rebecca S. Rogers, Clerk of the Board

APPROVED AS TO FORM:


Michael Clift, Chief D. Prosecutor

c: Clerk of the Board
Accounting(2)
Treasurer
Director of Administrative Services
Human Resources Department

MASON COUNTY AUDITOR'S OFFICE

***PHYSICAL INVENTORY
FIXED ASSET
POLICY AND PROCEDURES***

SEPTEMBER 27, 1994

ALLAN T. BROTCHE, COUNTY AUDITOR

MASON COUNTY

PHYSICAL INVENTORY POLICY AND PROCEDURES

PURPOSE

As per RCW 36.32.210, and Resolution #94-105, these policies and procedures are written to facilitate accounting and reporting requirements of all Mason County Physical Inventory, as mandated by the Governmental Accounting Standards Board and the Washington State Auditor's Office through the BARS Manual. These policies and procedures will include all real and personal property intended for use, by Mason County for a time period of more than one year. These policies will help provide accountability and management control of Mason County's Physical Inventory.

FUNDAMENTALS

Any items purchased costing over \$500.00 and intended for use for a period of longer than one year will be considered PHYSICAL INVENTORY of Mason County. All items will be added to the purchasing department's PHYSICAL INVENTORY LISTING.

Any small and attractive items at high risk of loss, but under the \$500.00 value may be added to a Department's Physical Inventory at the discretion of the Elected Official/Department Head.

The Auditor's Office will be the designated centralized location for all Physical Inventory records, (except for the records maintained by the County Road Engineer's Office per RCW 36.32.210 part 2). It will be the responsibility of the Auditor's Office to fulfill the Commissioner's obligations per the RCW 36.32.213.

Each department head/elected official shall be responsible for the reporting of their department's Physical Inventory to the Auditor's Office. Each department head/elected official has four primary responsibilities for their department's Physical Inventory:

- 1) To ensure physical custody and protection of the equipment.*
- 2) To ensure the equipment is properly insured, with adequate records to prove losses.*
- 3) To ensure the equipment is properly maintained and repaired.*
- 4) To plan for any future equipment needs of the department.*

The department head/elected official may designate an employee within their department to function as the custodian. The custodian will be responsible for the tracking of changes in Physical Inventory for that department, and reporting these changes to the Auditor's Office.

MASON COUNTY

PHYSICAL INVENTORY POLICY AND PROCEDURES

CAPITAL OUTLAY PURCHASES

All Physical Inventory purchases (more than \$500.00) should be coded on your departmental voucher to BARS object code 60, your department's budgeted capital outlay. Purchases include but are not limited to; land, buildings, machinery, equipment, furniture, tools, and appliances.

<u>60</u>	<u>CAPITAL OUTLAY</u>
61	Land
62	Buildings and Structures
63	Other Improvements
64	Machinery and Equipment

(For further information see BARS Manual Volume 1, Part 1, Chapter 8, Page 20.)

Any Lease Transaction that meets one of the following criteria and is over the County Physical Inventory value of \$500.00, shall be considered a "capitalized lease" and included as part of the Physical Inventory under the above policy:

- 1) The lease transfers ownership of the property to the lessee by the end of the lease term.
- 2) The lease contains a bargain purchase option.
- 3) The lease term is equal to 75% or more of the estimated economic life of the leased property.
- 4) The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90% of the fair value of the leased property.

Expenditures made for interest while constructing a capital asset, is part of the historical cost for that Inventory Item. The interest cost should be capitalized and recorded as part of the cost of the Inventory Item, through the Physical Inventory System.

It is the custodian's responsibility to notify the Auditor's Office of all Physical Inventory purchases on the PHYSICAL INVENTORY FORM (see page 6 of this document). The PHYSICAL INVENTORY FORM must be completed and returned to the Auditor's Office with the voucher for payment. The original PHYSICAL INVENTORY FORM will be kept on file in the Auditor's Office. A copy should be kept on file in the department.

The Auditor's Office will assign a unique Tag Number to each item purchased. The Auditor's Office will issue to the department a PHYSICAL INVENTORY TAG. The "TAG" will be placed on the purchased item by that department's custodian, in a visible place. The standard location is in the front of the item, or in the same area as the Serial# or Model#.

MASON COUNTY

PHYSICAL INVENTORY POLICY AND PROCEDURES

SURPLUS ITEMS

When a physical inventory item is no longer needed by a department it is considered surplus. A copy of the PHYSICAL INVENTORY FORM must be returned to the Auditor's Office with Section II completed. The completion of Section II of the PHYSICAL INVENTORY FORM and submission to the Auditor's Office terminates that department's custody of the item.

The surplus item may then be acquired by another department. The Auditor's Office will notify all department heads/elected officials of any items that are available as surplus. If another department wants to transfer the surplus item to their PHYSICAL INVENTORY LISTING they will notify the Auditor's Office in writing. The Auditor's Office will then send the "new" department a copy of the previous department's PHYSICAL INVENTORY FORM for that item.

Upon gaining custody of the surplus item, the "new" department will complete their own PHYSICAL INVENTORY FORM. The PHYSICAL INVENTORY TAG NUMBER assigned by the Auditor's Office must remain the same! The value will remain the same also, unless the "new" department is a proprietary fund. (Proprietary funds transfer assets at the lower of either cost or market value.) The "new" PHYSICAL INVENTORY FORM will be submitted to the Auditor's Office and attached to the original and filed. A copy of the PHYSICAL INVENTORY FORM should be kept on file in the "new" department. The TRANSFER DATE and TRANSFER DEPARTMENT on the original form will be filled in by the Auditor's Office.

If an inventory item is stolen or destroyed by accident, a copy of the property insurance claim needs to be turned into the Auditor's Office.

If an inventory item is used for trade-in, the purchase invoice showing the trade-in allowance needs to be turned into the Auditor's Office.

Any inventory item in physical custody of the County that has been added to surplus, but not transferred to another department's PHYSICAL INVENTORY LISTING will be sold at the next County Surplus Sale. A list of surplus items to be sold will be provided by the Auditor's Office to the County Treasurer.

After the County Surplus Sale, a list of the items sold and amounts will be given to the Auditor's Office by the Treasurer's Office. The Auditor's Office will then update the sale information of the item on the PHYSICAL INVENTORY FORM, and remove those items from the COUNTY PHYSICAL INVENTORY LISTING.

NOTE: Any physical inventory item that was purchased with grant money cannot be added to surplus without approval of the granting agency. The department must request disposition instructions.

MASON COUNTY

PHYSICAL INVENTORY POLICY AND PROCEDURES

YEAR END PHYSICAL INVENTORY REPORTING

At the end of each fiscal year, the Auditor's Office will send out to each department their PHYSICAL INVENTORY LISTING. It is the responsibility of the department head/elected official to submit to the Auditor's Office a verified PHYSICAL INVENTORY LISTING. The department head/elected official may have their department's custodian take the physical inventory. The custodian should verify the custody of each item and note any additions, deletions, or corrections.

The verified PHYSICAL INVENTORY LISTING is due to the Auditor's Office by February 1st. Per RCW 36.32.210, the Auditor will provide a complete PHYSICAL INVENTORY LISTING of all county property to be validated by the County Commissioners on the first Monday of March. The Auditor will post the PHYSICAL INVENTORY LISTING for public inspection.

By February 1st the Treasurer's Office will provide to the Auditor's Office a list of all property acquired through tax foreclosures. The Treasurer's Office will also provide a list of property sold at the Tax Title Sales during the year.

AUDITS/PHYSICAL VERIFICATION

The Internal Auditor will audit and physically verify the inventory and fixed assets of each department on an "as necessary" basis. The purpose of these audits will be to validate the accuracy of the PHYSICAL INVENTORY SYSTEM.

The PHYSICAL INVENTORY TAG NUMBERS are vital to the validity of the PHYSICAL INVENTORY SYSTEM. During audits, special emphasis will be placed on the proper use of TAG NUMBERS.

MASON COUNTY
PHYSICAL INVENTORY FORM

MASON COUNTY

PHYSICAL INVENTORY FORM

SECTION I

TAG NO. _____ (To be assigned by Auditor's Office.)

DEPARTMENT: _____ ITEM CODE: _____

ITEM DESCRIPTION: _____

LEGAL DESCRIPTION: _____

SERIAL #: _____ MODEL #: _____

BRAND: _____

COMPETITIVE BID: Yes _____ No _____ HEARING DATE: _____

PURCHASE DATE (Mo/Day/Yr): _____ WARRANT #: _____

VALUE/PURCHASE PRICE (Including Sales Tax): _____

SOURCE OF FUNDS (%FEDERAL IF GRANT SOURCE): _____

TITLE HOLDER (IF GRANT SOURCE): _____

CONDITION: _____ LOCATION: _____

Custodian Signature

SECTION II
Fill out only if applicable!

REASON FOR SURPLUS: _____

SURPLUS DATE: _____ SURPLUS SALE AMOUNT: _____

TRANSFER DATE: _____ DEPT TRANSFERRED TO: _____

Custodian Signature

SECTION III
AUDIT DATE: _____ AUDIT CONDITION: _____

Auditor's Office Signature

MASON COUNTY

PHYSICAL INVENTORY POLICY AND PROCEDURES

INSTRUCTIONS: HOW TO FILL OUT THE PHYSICAL INVENTORY FORM

SECTION I

1. The **TAG NUMBER** will be assigned by the Auditor's Office.
2. The **DEPARTMENT** is the department with custody of the item.
3. The **ITEM CODE** is 4 characters starting with the departmental abbreviation from Appendix A (2 characters) and ending with the fixed asset code from Appendix B (2 characters).
4. The **ITEM DESCRIPTION** should give physical traits of the item.
5. The **LEGAL DESCRIPTION** should give Parcel Numbers for property.
6. The **SERIAL NUMBER** is designated by the manufacturer and is marked on the item.
7. The **MODEL NUMBER** is the manufacturer's Model number and usually on the item or listed on the invoice.
8. The **BRAND** is also the manufacturer's and marked on the item or listed on the invoice.
9. The **COMPETITIVE BID** should be marked "yes" there was one, or "no" there was not. Please refer to Mason County Code Chapter 3.48 for requirements on competitive bids.
10. The **HEARING DATE** is the date of the Public Hearing that the County Commissioners award the bid.
11. The **PURCHASE DATE** is the date on the invoice as designated by the seller. This field must include month, day, and year.
12. The **WARRANT NUMBER** is assigned by the Auditor's Office when payment is issued for the item.

MASON COUNTY

PHYSICAL INVENTORY POLICY AND PROCEDURES

INSTRUCTIONS: HOW TO FILL OUT THE PHYSICAL INVENTORY FORM

SECTION I (continued)

13. The **VALUE/PURCHASE PRICE** is the cost of the item including shipping, installation, and sales tax. If an item is transferred from one department to another, the **VALUE/PURCHASE PRICE** remains the original cost of the item, unless it is transferred to a proprietary fund. The proprietary fund acquires the item at lower of cost or Fair Market Value (GAAP). When an item is acquired by donation the **VALUE/PURCHASE PRICE** should be listed at its Fair Market Value at the date of the donation.
14. The **SOURCE OF FUNDS** should be listed (i.e. Current Expense Fund). If the **SOURCE OF FUNDS** is a grant, you must specify which one, and the Fund the grant revenue is deposited in. Per "Common Grants Management Rule", if the **SOURCE OF FUNDS** is a federal grant you must specify the percentage that was from federal funds vs. matching funds.
15. The **TITLE HOLDER** need only be filled in if the item was purchased by grant funding. The **TITLE HOLDER** will be defined in the terms of the grant agreement.
16. The **CONDITION** refers to whether it is new, used, damaged etc. at the time of acquisition.
17. The **LOCATION** is Lot Number for land and buildings, the building number or floor for stationary equipment, or the individual's workstation for portable equipment. Please let the Auditor's Office know whenever an inventory item changes location.
18. The responsible person for that department must sign to verify the Section I information.

SECTION II

1. Section II only needs to be filled out when the item is no longer needed by the custodial department.
2. The **REASON FOR SURPLUS** is the reason the department no longer needs the item.
3. The **SURPLUS DATE** is the month, day, and year that the item is moved from the custody of that department.
4. The **SURPLUS SALE AMOUNT** will be provided by the Treasurer's Office after each Sale of Surplus County Property.

MASON COUNTY

PHYSICAL INVENTORY POLICY AND PROCEDURES

INSTRUCTIONS: HOW TO FILL OUT THE PHYSICAL INVENTORY FORM

SECTION II (continued)

5. The **TRANSFER DATE** will need to be provided, month, day, and year; if the item is transferred to another department rather than sold at a surplus sale.
6. The **DEPARTMENT TRANSFERRED TO** is the new custodial department if the item is transferred rather than sold at a surplus sale.
7. The responsible person for that department must sign to verify the Section II information.

SECTION III

1. This Section will be filled out by the Auditor's Office.
2. The **AUDIT DATE** will be the date that the Auditor's Office physically verifies the **PHYSICAL INVENTORY** of a department.
3. The **AUDIT CONDITION** is the actual state that the item is in at the time of physical verification.
4. The responsible person for the Auditor's Office must sign to verify the Section III information.

MASON COUNTY
PHYSICAL INVENTORY
APPENDIXES

MASON COUNTY

PHYSICAL INVENTORY POLICY AND PROCEDURES

APPENDIX A

DEPARTMENT ACCOUNT NUMBER AND PHYSICAL INVENTORY ABBREVIATION:

100	COOPERATIVE EXTENSION	EO
200	ASSESSOR	AS
300	AUDITOR	AU
400	BOARD OF EQUALIZATION	BE
500	CENTRAL SERVICE ADMINISTRATION	CA
510	CENTRAL SERVICES MAINTENANCE	SS
520	HUMAN RESOURCES	HR
600	CIVIL SERVICE	CS
700	CLERK	CL
800	COMMISSIONERS	CO
810	CLERK OF THE BOARD	CB
1000	DISTRICT COURT	DC
1200	EMERGENCY SERVICES	ES
1405	GHCF	GH
1410	GENERAL SERVICES	GS
1461	PARKS	PK
1470	PLANNING	PL
1490	FIRE MARSHALL	FM
1710	PROBATION SERVICES	DP
1720	JUVENILE SERVICES GRANT	JU
1800	PROSECUTOR	PA
1810	CORONER	CR
1820	CHILD SUPPORT	CH
2000	SHERIFF	SO
2500	SUPERIOR COURT	SC
2600	TREASURER	TR
12500	COUNTY FAIR	CF
12600	CONVENTION CENTER	CC
12800	COUNTY ROAD/PUBLIC WORKS	PW
13900	PERSONAL HEALTH	HN
14000	HEALTH ADMINISTRATION	HA
14200	LAW LIBRARY	LL
14250	MEMORIAL HALL	MH
15050	WATER QUALITY GRANT	WQ
15060	ENVIRONMENTAL HEALTH	EH
16000	COMBINED SEWER & WATER	SW
16200	LANDFILL	LF
16400	EQUIPMENT RENTAL & REVOLVING	ER
64700	RSVP	RS
	LAND	XX
	BUILDINGS	YY
	IMPROVEMENTS	ZZ

MASON COUNTY
PHYSICAL INVENTORY POLICY AND PROCEDURES

APPENDIX B

PHYSICAL INVENTORY CODE:

- 0_ DESKS & TABLES**
 - 00 DESK
 - 01 RETURN UNIT
 - 02 CREDENZA
 - 03 CONFERENCE TABLE
 - 04 FOLDING TABLE
 - 05 COMPUTER TABLE
 - 06 SPECIALIZED WORK TABLE
 - 07 MACHINE STAND/TABLE
 - 08 OTHER TABLES/STANDS

- 1_ CHAIRS/FURNITURE**
 - 10 EXECUTIVE CHAIR
 - 11 SIDE ARM CHAIR
 - 12 SIDE CHAIR
 - 13 SECRETARY CHAIR
 - 14 STOOL
 - 15 BOOKSHELF/ORGANIZERS
 - 16 COUCH
 - 17 CLOTHES RACK
 - 18 CHAIR MAT
 - 19 OTHER FURNITURE

- 2_ FILING CABINETS/SAFES**
 - 20 FILING CABINETS
 - 21 LATERAL FILES
 - 22 DATA FORMS FILES
 - 23 CARD FILES
 - 24 SAFE
 - 25 OTHER FILING CABINETS/SAFES

MASON COUNTY
PHYSICAL INVENTORY POLICY AND PROCEDURES

APPENDIX B

PHYSICAL INVENTORY CODE:

- 3_ ELECTRONIC OFFICE EQUIPMENT**
 - 30 TYPEWRITER
 - 31 WORD PROCESSOR
 - 32 CALCULATOR/ADDING MACHINE
 - 33 RECORDING EQUIPMENT
 - 34 LAMPS
 - 35 CLOCK/TIME PIECE
 - 36 COPIERS/MIMEOGRAPH
 - 37 FAX MACHINES
 - 38 OTHER ELECTRONIC EQUIPMENT

- 4_ COMPUTERS**
 - 40 COMPUTER HARDWARE
 - 41 PRINTER
 - 42 SOFTWARE
 - 43 OTHER COMPUTER EQUIPMENT

- 5_ DEMONSTRATION EQUIPMENT**
 - 50 CAMERA
 - 51 OVERHEAD PROJECTOR
 - 52 SLIDE PROJECTOR
 - 53 MOVIE PROJECTOR
 - 54 VIDEO RECORDER/CAMCORDER
 - 55 TELEVISION
 - 56 PUBLIC ADDRESS/SOUND EQUIPMENT
 - 57 DEMONSTRATION BOARDS
 - 58 PODIUM
 - 59 OTHER DEMONSTRATION EQUIPMENT

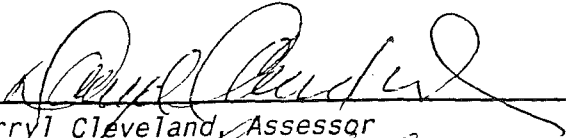
- 6_ APPLIANCES**
 - 60 AIR CLEANER/AIR CONDITIONER
 - 61 REFRIGERATOR
 - 62 MICROWAVE OVEN
 - 63 STOVE/RANGE
 - 64 OTHER APPLIANCES

- 7_ MISCELLANEOUS EQUIPMENT**
 - 70 MISCELLANEOUS EQUIPMENT

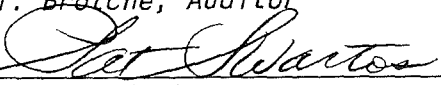
- 8_ LAND, BUILDINGS AND IMPROVEMENTS**
 - 80 LAND
 - 81 BUILDINGS

MASON COUNTY
PHYSICAL INVENTORY POLICY AND PROCEDURES

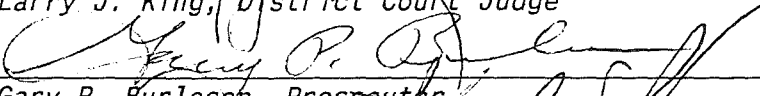
As the Elected Officials of Mason County, we hereby agree to the attached Physical Inventory Policies.

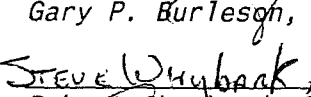

Darryl Cleveland, Assessor

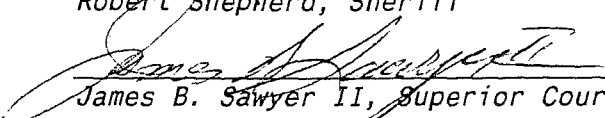

Allan T. Brotche, Auditor



Pat Swartos, Clerk

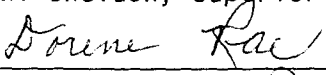

Larry J. King, District Court Judge

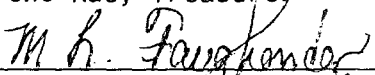

Gary P. Burleson, Prosecutor



STEVE Whynbank,
Robert Shepherd, Sheriff



James B. Sawyer II, Superior Court Judge


Toni Sheldon, Superior Court Judge


Dorene Rae, Treasurer


M. L. Faughender, Chairperson


William O. Hunter, Commissioner


Laura E. Porter, Commissioner