

At this time the Court moved to the Addendum.

**7. County Judge:** (See Exhibit I)

- A. Discussion, consideration and possible action/approval of a letter of support to the Texas Department of Housing and Community Affairs (TDHCA) for several developers who are asking TDHCA's assistance in building affordable housing using federal tax credits to fund new construction and rehabilitation of multifamily residential developments in Hidalgo County. The developers are: Chicory Court, App. # 04193; South 27<sup>th</sup>, L.P., App. # 04012; Las Canteras Housing Partners, Ltd., App. # 04037; SJ Affordable Housing, L.P., App. # 04124; Arbor Cove, Ltd., App. # 04226; Rufino Contreras Affordable Housing Corporation, App. # 04146; Paloma Blanca Apartments, L.P., App. # 04034; Tres Cruces Apartments, L.P. App. # 04035; Los Milagros Apartments, L.P., App. # 04032; HVM Donna III, Ltd., App. # 04110.**

Commissioner Garza abstained from voting on this item.

On motion of Commissioner Flores, seconded by Commissioner Palacios, the Court made a UNANIMOUS vote of approval.

- B. Discussion, consideration and possible action regarding approval of the following TxDOT Advance Funding Agreements:**  
a.) FM 1924, County of Hidalgo, CSJ# 1802-01-029  
b.) FM 1924, County of Hidalgo, CSJ# 1802-01-031

NO ACTION taken on this item.

**8. County Auditor:** (See Exhibit J)

- A. Discussion, consideration and approval of the Machinery & Equipment threshold from \$250 to \$1,000 and to increase the threshold for Machinery & Equipment from \$1,000 to \$5,000 for depreciation and reporting purposes as per GASB Statement #34 to be effective January 1, 2005.**

On motion of Commissioner Garza, seconded by Commissioner Flores, the Court made a UNANIMOUS vote of approval.

**9. Headstart:** (See Exhibit K)

- A. Requesting approval of professional services contract with Rike Ogden, Figueroa, Dickinsen Architects in connection with the relocation of McAllen III Head Start Center from San Diego Cuauhteatoazion Parish to the McAllen Independent School District Sam Houston Elementary site.**

On motion of Commissioner Palacios, seconded by Commissioner Flores, the Court made a UNANIMOUS vote of approval.

- B. Requesting exemption from competitive bidding under Texas Local Government Code 262.024 (a)(4) for professional architectural services with Rike Ogden, Figueroa, Dickinsen Architects in connection with the relocation of McAllen III Head Start Center from San Diego Cuauhteatoazion Parish to the McAllen Independent School District Sam Houston Elementary site.**

On motion of Commissioner Flores, seconded by Commissioner Garza, Court made a UNANIMOUS vote of approval.

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## BACKGROUND

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The Purchasing Agent is responsible for the acquisition and management of assets in accordance with Local Government Code Chapter 262. Local Government Code § 262.011(i) requires the Purchasing Agent to file with the County Auditor, on July 1 of each year, an inventory of all the property on hand and belonging to the County. The Purchasing Department has the responsibility of identifying and disposing of capital assets that are declared “surplus or salvage”.

### Organizational Structure

There are 6 budgeted positions related to the Purchasing Department-Fixed Assets Division: the Fixed Asset Manager, an Assistant Fixed Asset Manager, an Inventory Specialist Analyst II, a Fixed Asset Inventory Control Specialist, a Surplus Manager, and a Data Clerk. The following is a summary of their duties:

- The Fixed Asset Manager is responsible for managing the Fixed Assets Division, monitoring the asset management process, and ensuring that the County’s asset management system, *alio* Fixed Asset Inventory System (FIS) Module, is accurate and complete. The Fixed Asset Manager also conducts special assignments as directed by the Purchasing Agent and/or Commissioners’ Court.
- The Assistant Fixed Asset Manager is responsible for the supervision and operations of the Fixed Assets Division. The Assistant Fixed Asset Manager also conducts physical inventory counts, assigns and issues asset tags, reconciles monthly journal entries, and prepares depreciation reports.
- The duties of the Fixed Asset Inventory Control Specialist and the Inventory Specialist Analyst II include conducting physical inventories, reporting variances to Assistant Fixed Asset Manager, and training departments on proper fixed asset management.
- The Surplus Manager is responsible for the maintenance of surplus items including picking up assets from departments, organization of County auctions, and reporting assets sold to the County Auditor’s Office.
- The Data Clerk updates all asset information in the *alio* FIS Module.

### Inventory and Capitalization of County Assets

On October 23, 2001, the Commissioners’ Court approved the Capital Asset Guide (the Guide) in order to comply with the reporting requirements of Governmental Accounting Standards Board Statement No. 34. The Guide requires that assets (i.e., vehicles, land, buildings, machinery, equipment, computer systems) with a useful life greater than one year and an acquisition cost of \$1,000 or more be capitalized. In addition, donations and forfeitures should be capitalized at fair market value. The Guide states that all assets are subject to inventory control and should be assigned an asset tag, including those considered minor assets (assets with a cost of \$250 to \$999.99). However, the Purchasing Department does not currently maintain a system for tracking and inventorying minor assets.

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COUNTY OF HIDALGO  
HIDALGO COUNTY AUDITOR'S OFFICE  
COMMISSIONER'S COURT AGENDA REQUEST FORM

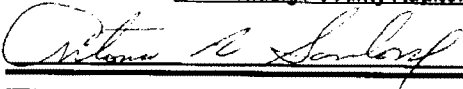
ORIGINAL

NO.

DATE: May 4, 2004 MEETING DATE REQUEST: May 11, 2004

DEADLINE FOR ACTION: A.S.A.P. CONTACT PERSON: Antonio R. Sandoval

DEPARTMENT: Hidalgo County Auditor's Office PHONE: (956) 318 - 2511 FAX: (956) 318 - 2577



ANTONIO R. SANDOVAL, HIDALGO COUNTY AUDITOR

**CAPTION:** Regular AGENDA

Discussion, consideration, and approval of the Machinery & Equipment threshold from \$250 to \$1,000 and to increase

the threshold for Machinery & Equipment from \$1,000 to \$5,000 for depreciation and reporting purposes as per GASB

Statement # 34. Effective January 1, 2005.

**BUDGETARY IMPACT:** \$ None

**BACKGROUND:** *(Briefly summarize your request, if needed use separate sheet(s) or attach supporting documentation.)*

We are requesting authorization to increase the threshold for capitalization of machinery and equipment from its current \$250 and

above, to \$1,000 and above. The assets with a cost of Fair Market Value of \$1,000 thru \$4,999 will be capitalized but not

depreciated. Items of \$5,000 and over will be depreciated for reporting purposes required by GASB Statement 34.

**PLEASE INITIAL FOR APPROVAL:**

Legal Counsel \_\_\_\_\_ Budget: \_\_\_\_\_ Human Resources: \_\_\_\_\_

Dept./Fund No.: -1100-415-21-170-001-0- Amt. Expended: \$ \_\_\_\_\_ Funds/Staffing Budgeted: Yes \_\_\_\_\_ No \_\_\_\_\_

Account Code: \_\_\_\_\_ Impact on Future Budget: Yes \_\_\_\_\_ No \_\_\_\_\_

**COMMENTS:**

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MAY 04 2004

BUDGET OFFICE

**ACTION TAKEN BY COMMISSIONER'S COURT:**

APPROVED ON: \_\_\_\_\_ (DATE) TABLED ON: \_\_\_\_\_ DATE DENIED ON: \_\_\_\_\_ (DATE)

MOTION MADE BY: \_\_\_\_\_ SECONDED BY: \_\_\_\_\_ VOTE: \_\_\_\_\_

# COUNTY *of* HIDALGO



EDINBURG, TEXAS 78539

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EDINBURG, TEXAS 78540-0689

## MEMORANDUM

**TO:** The Honorable Ramon Garcia, Hidalgo County Judge  
The Honorable Sylvia Handy, Commissioner Precinct No. 1  
The Honorable Hector Palacios, Commissioner Precinct No. 2  
The Honorable Jose M. Flores, Commissioner Precinct No. 3  
The Honorable Oscar L. Garza, Commissioner Precinct No. 4

**FROM:** A. R. Sandoval, County Auditor

**DATE:** May 04, 2004

**SUBJECT:** *Machinery & Equipment threshold Revision-GASB Statement # 34*

We are requesting to revise the policy adopted by Commissioners Court to comply with GASB Statement 34 Requirements.

Currently, we are recognizing Capital asset expenditures of \$250 to capitalize and we are depreciating all Capital assets of \$1,000 and over for reporting purposes as per GASB statement # 34.

We are requesting authorization to increase the threshold for capitalization of machinery and equipment from its current \$250 and above, to \$1,000 and above. The assets with a cost or Fair Market Value of \$1,000 thru \$4,999 will be capitalized but not depreciated. All capital expenditures for amounts of \$250 to \$999 will be recorded and accounted for in a minor equipment account. Separate identification tags will be issued for these items.

The General Capital Assets to be depreciated for the Government wide financial statements should also be increased from assets having an asset value of \$1,000 to \$5,000.

The infrastructure asset capitalization amount should remain at \$100,000. Software programs should also be capitalized at \$1,000, and depreciated at \$5,000, following the "Capitalization Thresholds" indicated in the attached copy of the "Capital Asset Guide- Effective January 1, 2002."

ORIGINAL

COMMISSIONERS COURT  
MAY 4, 2004  
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These new thresholds for capitalization and depreciation of machinery and equipment should help us to reduce the amount of time and costs involved in maintaining the County's inventory. The change will assist us to be in accordance with similar thresholds currently in use by other Counties, municipalities, State and Federal Agencies.

The entire County inventory would also be updated to reflect the new thresholds, once approval is granted by Commissioners' Court.

Thank you for your consideration of this request.

Attachment

*Art Sanford*

**Capital Asset Classification**

Assets purchased, constructed or donated that meet or exceed the County's established capitalization thresholds or minimum reporting requirements will be uniformly classified.

Each class code in the Capital Asset Classification system contains a default value for both residual value (expressed as a percentage of historical cost) and estimated useful life (expressed in months). The default values are based upon statewide historical data (As compiled by the State Comptroller's Office) for each class of asset. Hidalgo County agencies may follow these County accounting standards for establishing the historical cost for each asset. Agencies will be allowed to substitute information for residual value and/or estimated life based on individual experience for each class of asset. Any substitutions must be substantiated and auditable.

**Capitalization Thresholds**

Standard capitalization thresholds for capitalizing assets have been established for each major class of assets. Hidalgo County will use the following thresholds:

Class of Asset	Threshold
Land/land improvements	Capitalize All
Building s/building improvements	\$50,000
Facilities & other improvements	\$50,000
Infrastructure	\$100,000
Personal property (equipment)	\$1,000
Library books/materials (collections)	Capitalize All
Works of art/historical treasures	Capitalize All
Leaschold improvements	\$50,000
Computer software	\$1,000

**Capital Asset Acquisition Cost**

Capital assets should be recorded and reported at their historical costs, which include the vendor's invoice (plus the value of any trade-in), initial installation cost (excluding in-house labor), modifications, attachments, accessories or apparatus necessary to make the asset usable and render it into service. Historical costs also include ancillary charges such as freight and transportation charges, site preparation costs and professional fees. The costs of capital assets for **governmental activities** do not include capitalized interest. However, interest is capitalized on:

- Assets that are constructed or otherwise produced for an enterprise's own use (including assets constructed or produced for the enterprise by others for which deposits or progress payments have been made)

Assets that **do not** qualify for capitalization of interest include:

- Assets acquired for governmental activities (interest will be reported in the statement of activities as a separate line item)
- Assets that are in use or ready for their intended use in the earning activities of the enterprise

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