**Property Services Guideline: Control of Assets**

**Effective Date:** 02/01/2016

**Reference No.:** G-PR-09

**Revision Date:** 01/25/2016

**Revision No.:** 10

**Approved By:**

[Signature]
Michael Kyme, Chief Procurement Officer

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**PURPOSE:**

The purpose of this Guideline is to establish responsibilities for the maintenance and control of Authority assets from acquisition through disposal, except for real estate, furniture and fixtures.

**SCOPE:**

This guideline applies to all Authority personnel having custodial control of assets. Assets are defined as follows:

- **Controlled Item** – Sensitive or walk-away property items with a value of less than $5,000 may be subject to control as if they were fixed assets. Examples include police guns, Tasers, and vests, certain shop and garage equipment, valued greater than $1,500, including radios, computers, etc. These items will be tracked within the fixed asset system by serial number and if available METRO’s fixed asset tag.

- **Fixed Assets** - Items generally having a useful life of more than one year and an acquisition cost as defined in the Capitalization Guidelines which have been capitalized for Accounting and Budget purposes (i.e., vehicles, tools and equipment, computer equipment, and $5,000 of non-federally funded and any amount of federally funded.)

- **Surplus Assets** – items which are obsolete or excess to the needs of METRO and will not be required in the foreseeable future (i.e., obsolete inventory parts and retired equipment).

- **Salvage/Recyclable Assets** – items which through use or over a period of time have become depleted such that these items have little or no value for its originally intended purpose (i.e., batteries, radiators, bus stop signs, waste oil, scrap metal).

All METRO employees have the responsibility to maintain and protect all assets under their custodial control and ensure that the assigned METRO identification number on fixed assets is preserved.

Vice Presidents and Division Directors shall provide Property Services the names of the designated Property Custodians for their respective Departments. Personnel changes in the designated custodians shall be reported to Property Services for the updating of custodian listing within 30 calendar days.

The Property Custodians shall account and report to Property Services status changes of assets under their custodial responsibility from the time of receipt until forwarded to Property Services for disposal action. (See Asset Transfer Request).

The Property Custodians shall provide Property Services assistance in locating all fixed assets in their department during the bi-annual physical inventory.
PROVISIONS:

**Departmental Responsibilities:**

**Property Services Section**

Maintain and provide documentation to Fixed Asset Accounting on the receipt, transfer, loss or disposal of fixed assets in compliance with Circular A-102, Property Management Standards.

Conduct a physical inventory of fixed assets at least once every two years and assist Fixed Asset Accounting in the reconciliation and updating of fixed asset records.

Obtain and maintain vehicle titles, exempt license plates, annual inspection stickers and bi-annual inspection station renewal certification.

Maintain appropriate guidelines and procedures for Property Services activities.

**Division of Accounting**

Prepare and issue all internal and external financial reports relative to the Authority’s fixed assets.

Provide Property Custodians a listing of fixed assets under their custodial care.

**Grants Division**

Obtain approval from the Federal Transit Administration (FTA) and/or the Texas Department of Transportation (TxDOT) on the sale/disposal of grant funded assets.

**Division of Maintenance Support**

Perform preventive maintenance on vehicles and equipment as required to provide the best economic benefit to METRO.

Provide a storage area for all vehicles, maintenance tools and equipment that are declared surplus, obsolete or damaged beyond repair and ready for disposal.
Division of Electronic Maintenance

The Electronic Maintenance section will maintain appropriate procedures for the control and accountability of communication equipment and fare boxes and all other electronic media supported by Electronic Maintenance.

Division of Facilities Maintenance

Provide preventive maintenance on office furniture and equipment as required to provide the best economic benefit to METRO.

Assure that any hazardous material or hazardous waste, as a byproduct of any of these assets, is disposed of in compliance with the Environmental Protection Agency (EPA) requirements.

Division of IT

Provide documentation to Property Services for the receipt, transfer, loss or disposal of computer equipment.

Maintain appropriate procedures for the issuance and tracking of computer equipment and computer related assets throughout METRO as defined in the "IT Inventory Tracking Procedures."

Damaged or Lost Property

Property which is damaged or lost due to theft or malicious actions must be immediately reported by the custodian to METRO Police for investigation. The custodian must submit a Lost Property Survey form (Attachment C) to Property Services. Property Services will review the form for accuracy, assign a survey tracking number and distribute the form. Incomplete forms will be returned to the originator for correction.

Non repairable and lost assets, not recovered by METRO Police, will require the submittal of an Asset Disposal Request (ADR) to Property Services for authorization to sell the damaged asset or to have the lost asset written off by Fixed Asset Accounting.

In the event the employee responsible for the damaged or lost property did not exercise due care over the property, he/she may be responsible for reimbursing METRO the determined value of the damaged or lost property. The Supervisor of
the person incurring the lost or damaged property shall determine and obtain concurrence from his vice president on the reimbursement amount. The Supervisor will arrange for the reimbursement from the employee.

The Director Grant Programs will process any applicable reimbursement to FTA and/or TxDOT on insurance recovery relating to grant funded assets.

EXCEPTIONS: None with the exception that the President/CEO may waive provisions of this Guideline.

Forms:
Asset Transfer Request

RELATED POLICIES OR GUIDELINES:
Capitalization Guidelines
Circular A-102, Property Management Standards
IT Inventory Tracking Procedures
Board Resolution 2011-24 – METRO Board of Directors
Asset Disposal/Adjustments to Financial Asset Guideline

Forms:
Asset Transfer Request

Record of Revisions

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**GUIDELINE**

**Title**
Periodic and Physical Inventory of METRO's Assets

**Effective Date:** 02/01/2016

**Reference No:** G-PR-09

**Approved By**
Michael Kyme, Chief Procurement Officer - Procurement & Materials

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**PURPOSE:**
The purpose of this Guideline is to establish procedures for conducting periodic and physical inventory of METRO assets per Federal Transit Administration Guidelines.

**SCOPE:**
This Guideline applies to all METRO personnel who are responsible to maintain and protect METRO's assets under their custodial care (Property Custodians).

**DEFINITIONS:**

- **Asset** - Any METRO purchased or acquired property or material

- **Fixed Assets** - Items generally having a useful life of more than one year and an acquisition cost as defined in the Capitalization Guidelines which have been capitalized for Accounting and Budget purposes (i.e., vehicles, tools and equipment, computer equipment, and $5,000 of non-federally funded and any amount of federally funded).

- **Surplus Assets** - items which are obsolete or excess to the needs of METRO and will not be required in the foreseeable future (i.e., obsolete inventory parts and retired equipment).

- **Salvage/Recyclable Assets** - items which through use or over a period of time have become depleted such that these items have little or no value for its originally intended purpose (i.e., batteries, radiators, bus stop signs, waste oil, scrap metal).

- **Controlled Item** - Sensitive or walk-away property items with a value of less than $5,000 may be subject to control as if they were fixed assets. Examples include police guns, Tasers, and vests, certain shop and garage equipment, valued greater than $1,500, including radios, computers, etc. These items will be tracked within the fixed asset system by serial number and if available METRO's fixed asset tag.

- **Disposal** - Removal of asset from METRO property and responsibility in accordance with METRO guidelines and under supervision of Property Services.

- **Write-off** - Listing of asset as having little or no value.

- **Property Custodian** - METRO staff person assigned responsibility for the continuing use and control of METRO property throughout its useful life until its final disposition in accordance with METRO guidelines.

- **Trade-ins** - Exchange of item for same or similar item of same or greater cost or in
working condition if the underlying asset is no longer functioning.

PROVISIONS: PERIODIC AND INVENTORY OF METRO’S ASSETS

PERIODIC INVENTORY
Prior to the scheduled biennial inventory, Property Custodians shall perform periodic inventories at least once a year to minimize discrepancies in the reconciliation process:

a) Fixed Assets Accounting Division will provide the latest updated METRO Detailed Asset Report by Responsibility Code to the designated Property Custodians for review. The Property Custodians will review the report to verify fixed METRO asset additions, transfers, and disposals have been properly recorded to their responsibility center(s). Any discrepancies found in the report should be reported to Property Services within 15 business days of the report's creation date for resolution.

b) Property Custodians shall keep their reports updated until the completion of each biennial physical inventory and the resolution of all discrepancies.

c) Property Services shall submit to Fixed Asset Accounting Division all METRO fixed asset transactions (receipts, transfers, disposals, lost/stolen) received from Property Custodians. The Fixed Assets Accounting Division shall update the METRO Detailed Asset Report accordingly. Property Services will maintain appropriate tracking reports for these transactions.

PHYSICAL INVENTORY
A physical inventory under the direction of the Manager of Property Services will be performed at least every two (2) years in compliance with current OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Department Directors and Property Custodians will be notified one week prior to actual start of the physical inventory for their respective areas.

The Metro-wide biennial physical inventory will be performed per the following schedule:
### Even Numbered Fiscal Years

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<tr>
<td>10</td>
<td>Shop &amp; Garage Equipment</td>
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<tr>
<td>12</td>
<td>Property &amp; Equipment – Other</td>
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<td>15</td>
<td>Data Processing Equipment</td>
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### Odd Numbered Fiscal Years

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<tr>
<th>Class Code</th>
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<tr>
<td>05</td>
<td>Motor Buses</td>
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<td>06</td>
<td>Automotive Equipment</td>
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<td>07</td>
<td>Fare Collection Equipment</td>
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<tr>
<td>08</td>
<td>Communication Equipment</td>
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The designated Property Custodian for the facility location being inventoried will assist Property Services personnel in locating assets during their respective inventory.

The physical inventory will be performed with the use of Bar Code Scanners and/or verification of fixed asset inventory listings provided by Fixed Asset Accounting Division.

After completion of the inventory, a computer spreadsheet of inventoried items will be generated by Property Services and submitted to Fixed Asset Accounting Division within 15 days for reconciliation.

Fixed Assets Accounting is to conduct the reconciliation process with the assistance of the applicable Property Services personnel and the assigned Property Custodians. Fixed Assets Accounting will reconcile the inventory count record by identifying all discrepancies and present the discrepancy report to Property Services within 15 days.

Discrepancies in the reconciliation process will be researched by Property Services and resolved with the assistance of the appropriate Property Custodian. Any assets not accounted for after investigation will be considered lost or stolen and reported to METRO police. The Property Custodian should refer to the Write-Off/Disposal of Assets section of the Property Services Guidelines for all unfound lost/stolen items. All inventory adjustment document request (ADR’S) with signed approvals from the appropriate division.
managers must be submitted to the Property Services manager within 60 days.

Fixed Assets Accounting will review, approve and enter to reconcile the physical inventory count list with the balances in Capital Assets GL to ensure the accuracy in the general ledger within 30 days. The master Fixed Asset Accounting records will be revised.

After the physical inventory count is finally reconciled, Fixed Assets Accounting is to certify the reconciliation for accuracy with a signed statement from the Accounting manager. Property Services will be provided an updated asset inventory list on the same date that the inventory is considered finally reconciled.

The Director of Grant Programs will be provided a copy of the Asset Disposal Request Form on grant funded items discovered missing during the inventory. The Director of Grant Programs shall promptly notify Federal/State authorities of these lost assets discrepancies.

**EXCEPTIONS:** Furniture/Fixtures

**RELATED POLICIES OR GUIDELINES:**

Property Services Asset Utilization Guidelines

**Guideline**

**Record of Revisions**

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**METRO 0113-E-1 (Continuation)**
GUIDELINE

Title
Disposal and Write-Off of Assets

Effective Date: 02/01/2016
Reference No. G-PR-06

Approved By

Michael Kyme, Chief Procurement Officer

Revision Date: 01/13/2016
Revision No. 10

PURPOSE:
The purpose of this Guideline is to establish procedures on the sale, disposal and write-off of Authority assets.

SCOPE:
This guideline applies to all Authority personnel whose responsibility is to report, authorize and approve the sale, disposal and write-off of Authority assets.

DEFINITIONS:
- **Asset** - Any METRO purchased or acquired property or material
- **Disposal** - Removal of asset from METRO property and responsibility in accordance with METRO guidelines and under supervision of Property Services
- **Write-off** - Listing of asset as having little or no value
- **Property Custodian** - METRO staff person assigned responsibility for the continuing use and control of METRO property throughout its useful life until its final disposition in accordance with METRO guidelines
- **Trade-ins** - Exchange of item for same or similar item of same or greater cost or in working condition if the underlying asset is no longer functioning

PROVISIONS:
Inventory parts that have been declared surplus shall be disposed of by either of the following methods with the goal of receiving the highest possible value to METRO:

**Disposal by Trade-In/Buy-Back Method**
Whenever the buy back or disposal of a salvage/recyclable asset (i.e., radiators, bus stop signs, 55 gallon drums), is not incorporated in the contract terms and conditions, it will be the responsibility of Property Services to dispose of by any of the following methods:

(a) Make an effort to return the parts to the original vendor for full credit less applicable restocking fee

(b) Offer parts for sale by a competitive bid process to any transportation agency, private bus service or trucking company.

(c) Offer parts for sale via online auction solicit bids and sell to highest bidder.

(d) When warranted, the fair market value of the fixed assets to be sold or
disposed will be determined by an independent appraisal(s).

Property Services will coordinate with the Procurement Division on the disposition of assets by trade-in, competitive bid, negotiated sale, or public auction unless determined otherwise.

Write-Off/Disposal of Assets

An Asset Disposal Request (ADR) (Attachment D) shall be prepared for authorization to dispose or write-off any asset regardless of dollar amount. The Property Custodian responsible for the asset shall complete Sections I and II of the ADR and obtain the appropriate divisional signature approval based upon the asset's purchase cost. The item must be disposed of in accordance with the terms of the contract and/or the core guidelines. If both are silent then the Property Custodians shall consider the following criteria in requesting authorization for write-off or disposal of an asset:

(a) The asset is considered useable but is no longer needed.

(b) The asset is obsolete and serves no useful purpose.

(c) The asset is destroyed and/or damaged beyond reasonable repair.

(d) The asset is considered a salvage/recyclable asset.

(e) The asset has been lost or stolen.

(f) The asset will be used as a trade-in.

The following divisional signature approval will apply on the write-off/disposal of fixed assets (Divisional ADR approval):

(a) Division Manager Approval – authorized to write-off/dispose fixed assets with a purchase cost up to $1,500.00.

(b) Division Director Approval – authorized to write-off/dispose fixed assets with a purchase cost $1,501.00 up to $50,000.00.

(c) Vice President Approval – authorized to write-off/dispose fixed assets with a purchase cost $50,001.00 to $99,999.00.

(d) METRO Board of Directors – authorized to write-off/dispose fixed
assets with a purchase cost over $100,000.00

The write-off of assets other than fixed assets shall be in accordance with the Asset Disposal/Adjustments to Financial Assets Guideline.

The Property custodian has an obligation to maintain continuing control of authority assets throughout its useful life until final disposition. The Property custodian must report and prepare documentation immediately when an asset under their control is determined to be obsolete, no longer useful or needed, lost or stolen, replaced as part of and upgrade, or damaged beyond repair. Failure to maintain control of authority assets may subject the Property custodian to disciplinary action up to and including termination.

Property Services will take the following action upon receipt of assets approved for sale/disposal:

(a) Assume responsibility for the asset. Asset will be available for reassignment until a disposal sale is warranted.

(b) Market surplus assets for auction up to three (3) consecutive to gain a return on the asset investment.

(c) Identify assets deemed unsafe for use, damaged beyond repair or remain unsold in three (3) consecutive auctions as scrapped assets. The Manager Property Services shall submit a list of scrapped assets to the Chief Procurement Officer or his/her designee requesting final approval to dispose and remove assets from accounting system.

(e) Property Services Manager must review and forward the ADRs and all corresponding documents to Accounting for processing within work 30 days.

Fixed Asset Accounting will complete applicable information in Section IV of the ADR. The Director of Grant Programs or designee shall review Section IV Grant Administration Information and, if warranted, initiate action required for FTA or TxDOT approval to dispose of grant funded assets.

The Director of Grant Programs shall secure Federal/State approval for the retirement and disposal of assets identified as grant funded. No grant funded assets shall be disposed of without prior Federal/State approval.
Acknowledgement of approval shall be forwarded to Property Services for file records.

Upon the completion of Section IV by Fixed Asset Accounting and Grant Programs, the ADR will be forwarded to the Senior Director of Accounting for required countersignature.

The following signature authority will apply for the executive authorization to write-off/dispose of fixed assets (Executive ADR approval):

(a) Manager, Procurement – authorized to write-off/dispose fixed assets with a purchase cost value up to $1,500.00.

(b) Director, Procurement – authorized to write-off/dispose fixed assets with a purchase cost value $1,501.00 up to $50,000.00.

(c) Chief Procurement Officer and Senior Director of Accounting—authorized to write-off/dispose fixed assets with a purchase cost value $50,001.00 up to $99,999.00.

(d) Chief Financial Officer and President/CEO – authorized to write-off/dispose fixed assets with a net book value over $100,000.

Sale/Disposal of Surplus Buses/Vehicles

The Sr. Director, Bus Maintenance shall determine when a bus has served its useful life, and is declared surplus property using the following criteria:

(a) The bus is at least twelve (12) years old.

(b) The bus is less than twelve (12) years old but is being disposed of in accordance with METRO's Capital Improvement Program as approved by METRO's Board of Directors

(c) The bus has accident or fire damage, structural or mechanical defects, or has become obsolete and it would not be cost effective to restore the bus to acceptable operating conditions

The Sr. Director, Bus Maintenance after determining a bus has been declared surplus, will initiate the following appropriate action:
(a) Submit a written report to Accounting if the bus is to be sold "as is" with nothing being done to enhance its sale value. The report will contain the current condition of the bus and any significant defects.

(b) Identify buses that will be cannibalized when parts will be sold separately or reused by METRO; and in those instances when it is appropriate to enhance the sale value of a bus provide a detailed report on improvements including costs for parts, labor and materials.

Once a bus is turned over to Property Services to initiate disposal procedures, the bus shall not be returned to Maintenance nor shall any parts or accessories be removed except by written request from the Sr. Director, Bus Maintenance to the Chief Procurement Officer. Such written request will identify the bus and specify the reason for the request and what parts are to be removed. Until the Chief Procurement Officer gives approval, no parts or accessories shall be removed from a bus nor shall the bus be returned to Maintenance.

The method of disposal (i.e., bid, auction or other method), will be determined by the Chief Procurement Officer, after reviewing factors such as age, condition, number of buses, and book value. The method used is intended to afford METRO the greatest return on sales.

Responsibility for disposition of damaged/destroyed vehicles shall be jointly shared by the Director Risk Management and the Sr. Director, Bus Maintenance (buses and contract assigned buses) or Director, Maintenance Support Functions (support vehicles and contract assigned Metro Lift vans). The Director with responsibility for the damaged/destroyed vehicle shall confer with the Director Risk Management and determine the appropriate course of action. If the vehicle is declared a total loss, the Director Risk Management or his designee shall seek final settlement with insurance carrier, where applicable. Upon reaching a financial and disposition settlement on the vehicle with the insurance carrier, the Director Risk Management or his designee shall notify the appropriate Director Maintenance of settlement so that an ADR is prepared and submitted to the Manager, Property Services. Property Services will conclude the disposal process by disposing of vehicle based on disposal justification on the ADR and any supporting documentation.

EXCEPTIONS: President/CEO has discretion to grant an exception

RELATED POLICIES OR GUIDELINES:
Property Services Asset Utilization Guidelines
Asset Disposal/Adjustments to Financial Assets Guidelines
**METRO**

**GUIDELINE**

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**Metro’s Capital Improvement Plan**
**Asset Disposal Request (Form D)**
**Core Guidelines**

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