

County Property Disposal

The disposal of real and personal property owned by Arkansas Counties is governed by Arkansas Statutes in conjunction with Faulkner County Ordinances. This Memo will explain the statutory procedures required to transfer ownership in, or dispose of, any such property.

Property Defined

Arkansas Code Annotated (A.C.A.) §14-25-106 requires each county to maintain an itemized list of fixed assets owned or controlled by the county. A similar statute requires the same type of list to be maintained by municipalities, and gives the municipalities the authority to set a dollar amount and useful life necessary to qualify as a fixed asset. Legislative Audit imputes the same authority to county government. Given this, the Faulkner County Quorum Court, in 1977, established the minimum dollar value for a listed “asset” at \$25.00. This was raised over the years to \$1,000 (Ord. 05-28), and remains as such to this date. An “asset,” therefore, is any piece of property worth more than \$1,000. The terms “property” and “asset” are used interchangeably.

General Rules

Any item of county property will fall into one of two categories: surplus assets, and all other assets. A.C.A. §14-16-105 covers the sale of county property generally, and A.C.A.14-16-106 covers the sale of surplus property.

It should be noted that in either case, if an item of personal property is purchased partially or wholly with County Road funds, the proceeds from the sale of that item must be paid back according to the ratio with which it was purchased. (A.C.A. §14-16-113)

Also, counties may exchange properties with other counties or municipalities. To do so, the exchange must be approved in an ordinance of the Quorum Court. (A.C.A. §14-16-116)

Surplus Property

1. The County Judge can determine any asset to be “surplus,” or the County Judge *plus the Assessor* can determine an asset to be “junk, scrap, discarded, or otherwise of no value to the county.”
 - a. Surplus
 - i. May be sold at public auction or internet sale to highest bidder

Memorandum

March 25, 2014

From D. Hogue

- ii. Notice of either shall be published at least once per week for two consecutive weeks in local newspaper
- iii. Notice shall
 1. describe property
 - iv. give place, time and date of sale
- b. Junk, Scrap, etc. may be disposed of in any manner deemed appropriate by the county judge. *The County Judge must report all dispositions of this nature to the Quorum Court, monthly.*
2. The fixed asset list must be amended to reflect any such dispositions.
3. Internet sales must be documented by an invoice from the internet vendor or publisher that the sale was published and conducted on the internet.
3. Finally, after any sale, the County Court shall enter an Order providing:
 - c. Description of property sold
 - d. Name of Purchaser
 - e. Terms of Sale
 - f. That the proceeds have been deposited with County treasurer (also refer back to general rules – road fund)
 - g. The funds to which the proceeds were credited by the Treasurer.

General County Property

The County Court (Judge) has the authority to sell county property as set forth below.

1. To do so, the County Judge issues an Order:
 - a. It must give
 1. Description of property
 2. Reason for the sale
 3. Directive for Assessor to appraise the property at FMV and certify appraisal to County Court within a specific time.
 - b. A certified copy of the Order must be delivered to the Assessor by the Clerk, and the Clerk must certify the date of delivery on the margin next to the file stamp.
 - c. This is NOT required for recyclables. (A.C.A. 14-16-105(b)(3))
2. On receipt of the Order, the Assessor appraises the property and files a written certificate of appraisal with the County Clerk.
3. The statute provides separate procedures for property appraised at more than, or less than, \$2,000.

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- a. Less than \$2,000
 - 1. May be sold by sealed bids or through the internet, publicly or privately
 - a. If by internet, the notice of sale shall include a description and date and time of sale, and shall be posted on the vendor's website for no less than 8 consecutive days.
 - b. It may be posted on the county's website as well, for the same time period.
 - 2. Sale price must be at least 75% of appraised value
 - 3. Upon complete sale, an Order approving sale shall be entered:
 - a. Describing property
 - b. giving the name of purchaser
 - c. giving the terms of sale
 - d. certifying that the proceeds have been deposited with Treasurer, and
 - e. specifying which fund was credited by Treasurer

- b. More than \$2,000
 - 1. May be sold by sealed bids or through the internet, to highest bidder
 - 2. There shall be a board for approval of sales, comprised of the Sheriff, Treasurer, Circuit Clerk, and County Judge (chair, but without a vote)
 - 3. Sale price must be at least 75% of appraised value
 - 4. Notice shall be posted in newspaper 2 consecutive weeks, and
 - a. shall include a description,
 - b. date and time for submitting bids, and whether it will be on internet,
 - c. appraised value,
 - d. dated and signed by County Judge.
 - 5. If the sale is by internet, the above notice shall be published on the appropriate website, and the vendor shall provide a statement that the sale was published and conducted on the internet.
 - 6. The County Judge can reject any bids.

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7. If the Judge accepts a bid and the board approves same, the judge may sell the property to the highest bidder.
8. Upon completion of sale, an Order approving sale shall be entered:
 - a. Describing property
 - b. giving the name of purchaser
 - c. giving the terms of sale
 - d. certifying that the proceeds have been deposited with Treasurer, and
 - e. specifying which fund was credited by Treasurer
9. The fixed asset list must be amended to reflect any such dispositions.

If these laws are not followed, the sale is null and void. A.C.A. §14-16-105(f)(1)(A)