

<b>City of New Berlin General Financial Policy</b>	TITLE: <b>Equipment Disposal Policy</b>
AUTHORIZATION DATE: 10/13/15	LAST UPDATE: 10/13/15, 1/8/19, 7/23/19
POLICY SOURCE: Finance Committee	SCOPE: City-wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 07/15/15, 12/13/18, 07/11/19 Common Council: 10/13/15, 1/8/19, 7/23/19

### General

The purpose of this policy is to establish minimum standards for the disposal of capital assets, scrap material and minor equipment and the subsequent reporting in the financial records.

### Policy

#### 1. General Guidelines and Responsibilities for Disposal of Capital Assets -

- A. Capital assets retired from service shall be disposed of in the most efficient and cost effective manner possible.
- B. Capital assets shall be disposed of in a manner that is environmentally responsible.
- C. Vehicles and vehicular equipment shall be designated as surplus and disposed of by the Fleet Manager with Mayor approval, according to the Fleet Management Policy.
- D. Information technology and communication equipment shall be designated as surplus and disposed of by the Information Technology Manager. All PC, server and peripherals will be recycled with an approved recycling vendor. All media will be disposed of according to the "Media Handling Disposal policy".

#### 2. Recordkeeping and Accounting for Disposal of Capital Assets

- A. Capital asset disposal records shall be maintained in accordance with Generally Accepted Accounting Principles under the direction of the Finance Department.
- B. Capital asset disposal records shall be retained in accordance with City policies and retention schedules.
- C. A half year's depreciation expense shall be recognized in the year of disposal.
- D. Gain or loss on disposal of capital assets shall be recognized in accordance with Generally Accepted Accounting Principles.
- E. Capital assets that continue in service, even after fully depreciated, shall remain on the financial records and shall be removed only upon disposal.

- F. Disposing departments shall promptly and accurately record disposals, including transfers between departments as they occur during the year.
- G. Supporting documentation for disposals, including transfers between departments, shall include the Asset Disposal Report form in accordance with instructions provided by accounting.
- H. For transfers between departments, the book value of assets transferred shall be relieved from the transferring departments' records and added to that of the receiving department at the same book value.
- I. The department owning an asset shall further be responsible for:
  - 1) Explaining and resolving physical inventory discrepancies and completing a Fixed Asset Form.
  - 2) Accounting for items lost or stolen by completing an Equipment Transfer and Disposal Report; and
  - 3) Filing a police report for any asset believed to have been stolen.
- J. All proceeds from the sale of surplus property shall be reported to the Finance Department for deposit and application to the proper account(s).
- K. Complete form for City Clerk as required by the City's General Administration Policy – *"Reporting Additions and/or Deletions to City Owned Property"* for insurance purposes.

**3. Disposal of Personal Property** – capitalized personal property may qualify for disposition if:

- A. Designated as surplus,
- B. Found to no longer function or is no longer in use,
- C. Traded for a newer or more functional item,
- D. Determined to be in a state of disrepair and not reasonably repairable,
- E. Discovered missing during a physical inventory, or
- F. Reported as lost or stolen.

Upon proper authorization, disposition shall be permitted as follows;

- A. Transfer or sale to another department
- B. Transfer or sale to another public agency
- C. Sent to auction for disposal as surplus
- D. Donation, if the donation is deemed to be in the public interest, to a public agency or an Internal Revenue code 501(c)(3) organization
- E. Abandonment, salvage, or destruction, but only in accordance with regulatory restrictions and environmental rules and regulations.
- F. Sale, exchange, trade-in, or salvage of the following types of equipment shall be handled as follows:
  - i. Vehicles and vehicular equipment by Fleet Manager, per "Fleet Management Policy"
  - ii. Computer and communications equipment by the IT Manager per "Media Handling Disposal Policy".
  - iii.

**4. Disposal of Real Property**

- A. Real property, including land, land improvements, building, and infrastructure shall be disposed of only after Council approval.

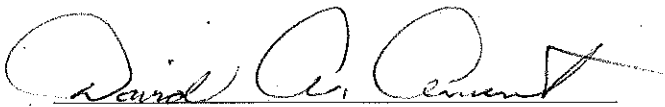
**5. Disposal of Scrap Material & Minor Equipment**

- A. Disposal will be approved by a Department Head
- B. Disposal will be at a city approved site, Finance Department has a list of currently approved sites.
- C. Proceeds will be in the form of a check & a receipt will be obtained
- D. Check and receipt will be promptly turned over to the Finance Department for proper receipt & recording.
- E. Minor equipment items, which by definition are not capital assets, shall also be designated as surplus and disposed of in accordance with the above guidelines.

**-56. Impairments of Capital Assets**

- A. Capital assets shall be considered impaired when events or changes in circumstances indicate that service utility has declined significantly and unexpectedly as defined by Generally Accepted Accounting Principles (GAAP). Such events or changes in circumstances may include, flood, fire, earthquake, technological obsolescence, or changes in environmental standards.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the 24<sup>th</sup> day of July, 2019 as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.



David A. Ament, Mayor