

CAPITAL ASSETS

Administrative Rule Adopted by Council
ARC FIN 6.11

Purpose

These administrative rules establish minimum standards for capital assets applicable to all City bureaus for recording assets in the City's Enterprise Resource Planning system, and reporting in the Comprehensive Annual Financial Report (CAFR). "Minimum standards" includes documentation supporting the acquisition or donation value for an item used longer than a one-year reporting period by the City bureau with a value outlined by the established thresholds.

Authority

Authority for this administrative rule is established in the City Charter and the City Code. This administrative rule has been approved by the City Council.

Compliance

The Accounting Division of the Bureau of Revenue and Financial Services of the Office of Management and Finance (Accounting Division) will monitor bureau capital asset inventory schedules to assess compliance with the minimum standards of this rule. Identified instances of non-compliance require the development and implementation of a bureau corrective action plan. The Accounting Division will provide assistance to bureaus, if requested, to develop this plan.

Capitalization - Acquisition

1. Capitalize direct cost(s) and ancillary cost(s) for the purchase or acquisition of an asset meeting the value threshold that has a useful life greater than one reporting period. The purchase or acquisition includes the following:
 - a. direct and indirect cost
 - b. incidental cost in acquiring ownership or title
 - c. other cost for preparation for the intended use
 - d. shipping cost or other cost required for:
 - i. installation
 - ii. function

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- iii. efficiency and utility of the asset
- 2. Expense direct cost(s) and ancillary cost(s) when acquiring minor equipment, computer software or intangible assets meeting the value threshold of less than \$5,000 and a useful life greater than one reporting period.
- 3. Useful life should be estimated at the time of acquisition and compared to the City useful life tables established and maintained by the Accounting Division. The Accounting Division will periodically review the useful life tables to ensure appropriate assigned life length.

Capitalization - Donation

- 1. Capitalize assets received by donation, including the acquisition value designated by the donor via written documentation. The donation value includes the following:
 - a. any direct and indirect cost
 - b. incidental cost in acquiring ownership or title
 - c. other cost for preparation for the intended use
 - d. shipping cost or other cost required for the
 - i. installation
 - ii. function
 - iii. efficiency and utility of the asset

Capitalization - Construction in Progress (CIP) Assets

- 1. Capitalize Construction in Progress (CIP) assets to reflect the cost of construction work undertaken, but not yet completed.
- 2. When construction is complete and the asset is placed in service, the asset should be reclassified as a final depreciating asset in the appropriate asset class.
- 3. For CIP assets, no depreciation shall be recorded until the asset is placed in service and reclassified to a final depreciating asset.
- 4. For additional asset classification information on CIP assets, refer to 6.11.01.

Capitalization - Computer Software Developed or Obtained for Internal Use

- 1. Computer software developed or obtained for internal use includes software:

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- a. Purchased or leased from a commercial vendor
 - b. Internally developed
 - c. Modified/developed by contractor to meet the City's internal needs
 - d. Stored off-site by vendor or other third party
2. Capitalize or expense computer software developed or obtained for internal use based on the stage of computer software acquisition or development and the nature of the cost incurred.
- a. Expense costs incurred during the preliminary stage. The preliminary stage begins once management has authorized investigating or trial of the project and is considering alternatives, but no decision has been made as to which strategy or vendor to use. May include costs to:
 - i. Assemble evaluation team
 - ii. Evaluating proposal from vendors
 - iii. Final stage of alternative selection
 - b. Capitalize costs incurred during the application development stage. The application development stage begins once management has authorized and committed to funding the project and it is probable that the project will be completed and put to its intended use. Such costs may be related to:
 - i. Direct material or services
 - ii. Payroll and payroll-related for employees directly associated with the project
 - iii. Data conversion software
 - iv. Design, coding, installation and testing of new software
 - c. Expense costs incurred during the post-implementation/operation stage, which begins once management puts the software in use. Such costs may be related to:
 - i. Training employees to use the software
 - ii. Software maintenance
 - iii. Annual license cost
 - d. Costs of upgrades and enhancements may be capitalized or expensed.
 - i. Capitalize when additional functionality is provided

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- ii. Expense when required by the software application vendor
3. Interest Cost
- a. Incurred during the application development stage by Enterprise funds is capitalized
 - b. Incurred during the application development stage by Governmental funds is expensed

Asset Classifications and Capitalization Thresholds

Below are a list of the City's capital asset classifications and their respective capitalization thresholds. All asset with a purchase price or cost in the excess of the thresholds in their respective asset class and a useful life longer than one year are required to be capitalized.

1. Tangible Assets:
- a. Land – \$0
 - b. Buildings – \$0
 - c. Building or Land Improvements – \$10,000
 - d. Infrastructure – \$10,000
 - e. Leasehold Improvements – \$10,000
 - f. Equipment – \$5,000
2. Intangible Assets:
- a. Computer Software – \$5,000
 - b. Computer Software (internally developed) – \$10,000
 - c. Permanent land use or owning rights – \$0
 - d. Non-permanent land use or owning rights – \$5,000
3. Construction in progress - \$0
4. All grant-funded assets (regardless of the asset class) – \$5,000

The capitalization thresholds may be measured at the following levels at the bureau's discretion:

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1. Individual assets
2. Similar types of assets grouped together in a class
3. A subsystem of assets, which make up a segment of a network; or
4. A network of assets
5. Expensed minor equipment, computer software, or intangible assets
6. Capital Projects – Construction in progress assets

Valuation of Capital Assets

1. Capital assets meeting the threshold shall be recorded at original historical cost.
 - a. Historical cost shall include purchase price, constructions cost, value of donated goods and/or services, and ancillary charges.
 - b. If historical cost is unknown, estimated cost may be calculated or otherwise determined based on a documented valuation methodology.
2. Ancillary charges shall be reduced by any proceeds from the sale of salvaged materials.
3. Interest costs may be capitalized, where appropriate, in accordance with GAAP. Consult the Accounting Division for guidance regarding the propriety of capitalizing interest.
4. Capital assets received by donation shall be recorded at an acquisition value (an entry price) on the date of transfer plus any required ancillary charges.
5. Assets acquired by capital lease shall be recorded at the lower of fair value or present value of minimum lease payments in accordance with Accounting Administrative Rule FIN 6.07 Leases.
6. Capital Projects – Construction in progress shall be recorded at original historical cost
7. Works of art and historical treasures are not capitalized if:
 - a. Collections are held for public exhibition rather than financial gain
 - b. Such items are protected, unencumbered, cared for, and preserved; and
 - c. Proceeds from any sales are used by the City to acquire other works of art and historical treasures.

Depreciation of Tangible Assets

1. The cost of capital assets less estimated salvage values, if appropriate, shall be depreciated over the estimated useful life of the assets.
2. Assets may be depreciated individually, by class grouping, as a subsystem, or as a network (see Valuation Dollar Thresholds above).
3. Asset useful lives shall be applied consistently by all bureaus as suggested by the City useful life default tables established and maintained by the Accounting Division.
4. Leasehold improvements shall be depreciated over the lesser of useful life or the remaining term of the lease term.
5. Depreciation is calculated with the straight-line method with a convention of zero depreciation during the fiscal year of acquisition and/or donation receipt and a full year's depreciation in the fiscal year of retirement.
6. Residual or value of 10% shall be associated with vehicles. Assets other than vehicles are identified as retaining no economic value beyond the end of their depreciable lives. These assets are to be assigned a residual value of zero.

Amortization of Intangible Assets

1. The cost of intangible assets less estimated salvage values, if appropriate, shall be amortized over the estimated useful life of the asset.
2. Assets may be amortized individually or by class grouping (see Valuation Dollar Thresholds above).
3. Asset useful lives shall be applied consistently by all bureaus as suggested by the City useful life default tables established and maintained by the Accounting Division.
4. Amortization is calculated with the straight-line method with a convention of zero amortization during the fiscal year of acquisition and/or donation receipt and a full year's amortization in the fiscal year of retirement.

Non-depreciating Capital Assets

1. Land is considered inexhaustible and has an indefinite useful life and is not depreciated.
2. Construction in progress has not been placed in service and is not depreciated.
3. Easements with an indefinite useful life is not depreciated

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4. Specific type of permanent land use elements for rights of way, water, timber, air and mineral rights with an indefinite useful life is not depreciated
5. Owning rights for a product or service with an indefinite useful life is not depreciated.

Transfer of Capital Assets

1. Capital assets may be transferred between bureaus and between funds.
2. The bureau transferring assets shall properly document the transfer by the completion of a Capital Asset Disposal & Transfer Form and by prompt submittal of the form to the Accounting Division.
3. Historical cost of transferred assets, along with any related accumulated depreciation (net book value), shall be removed from the transferring owner's balance sheet and added to that of the new owner. Difference between agreed upon purchase price and net book value will be recorded as gains or losses.
4. For additional details in the process of Capital Asset Transfers, please refer to:
<https://www.portlandoregon.gov/bibs/article/643593>

Shared Assets

1. Ownership and the related accounting treatment shall be arranged in advance of purchase or construction for capital assets acquired by one bureau for use by another bureau.
2. A formal interagency agreement shall be prepared to clearly delineate each bureau's responsibilities and ensure that capital assets are properly recorded by the parties involved.
3. Unless otherwise specified in the interagency agreement, only the bureau with primary responsibility for managing the asset shall capitalize it.
4. Assets purchased with a federal award must be used for the intended program or project and be available for use on other programs or projects if shared use will not interfere with the work on the original intended program or project or until no longer needed.

Grant-funded Assets

1. Capital assets purchased with grant funds shall adhere to the provisions of each grant.
2. For additional guidance and requirements on grant-funded assets, please contact Grants Management.

EXHIBIT A**Debt-funded Assets**

For debt-funded assets, please refer to Debt Management Policy (FIN 2.12).

Safeguarding of Capital Assets

1. Bureaus shall provide adequate maintenance to keep assets in good condition.
2. Bureaus shall conduct capital assets physical inventory count in accordance with procedures published in Accounting Administrative Rules 6.11.02.
3. Bureaus shall maintain effective internal controls to safeguard capital assets, including:
 - a. Separation of duties among personnel
 - i. Authorizing purchase
 - ii. Accepting delivery
 - iii. Authorizing invoice for payment
 - iv. Serving as custodian
 - v. Conducting physical inventories
 - vi. Alternative compensating controls may be used where limited staff size precludes full segregation of duties.
 - b. Assets must be adequately protected against loss, damage or theft. Measures to physically safeguard assets should be utilized, such as asset tags, locks, passwords, and other security devices deemed appropriate by the circumstances.
4. Bureaus acquiring capital assets shall promptly and accurately record such expenditures throughout the fiscal year as items are placed into service.
5. Bureaus accepting donated capital assets shall do so in compliance with City Code 5.36.090 and shall promptly and accurately record such assets upon receipt.
6. Bureaus shall attach Accounting Division pre-numbered asset tags to equipment items whenever practical.
7. All capital assets should be recorded in the City's current Enterprise Resource Planning system.

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Minor Equipment

1. Minor equipment with a unit cost of less than \$5,000 should not be capitalized.
2. It is each bureau's responsibility to safeguard the minor equipment.
 - a. Minor equipment tags may be requested from Accounting Division as a tool to help safeguard minor equipment.

Record Retention

1. Capital assets, depreciation and amortization records shall be maintained in accordance with Generally Accepted Accounting Principles (GAAP) under the direction of the Accounting Division.
2. Asset acquisition records shall be retained, even after an item becomes obsolete or is no longer in service, in accordance with retention schedules published by the City Auditor.
3. Original titles for real property shall be presented to the City Auditor's Office – Council/Contracts Division for permanent retention.
4. Title to works of art and historical treasures shall vest in the City; however, the Regional Arts and Culture Council shall select, maintain, and make decisions regarding deaccessioning per City Code section 5.74, "Acquisition of Art."

Definitions

"Acquisition value" means the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date. It is a market-based entry price.

"Ancillary charges" mean incidental costs necessary to place a capital asset into its intended location, condition, or use. Examples include title fees, attorney or architect fees, freight charges, taxes, and site preparation costs. Ancillary charges are capitalized in addition to the purchase price and/or construction cost of capital assets.

"Amortization" means the systematic allocation of an intangible asset over the estimated useful life of the intangible asset.

"Asset Management Record" (AMR) number means the unique asset number assigned by the City's current Enterprise Resource Planning system, which holds all identifying and calculating information about the asset.

"Building" means a relatively permanent structure used to house persons or property and any fixtures that are permanently attached to and made part of a building in such a

manner that removal is not possible without damage to the building. Buildings may be purchased or constructed by the City. Major components may be capitalized separately.

“Capital Asset” means a tangible or intangible asset having significant value that is used in operations and has an initial useful life that benefits more than one year reporting period. Capital assets include land, land improvements, buildings, infrastructure, equipment, leasehold improvements, and construction in progress.

“Capital Lease” means a lease which transfers the benefits and risks inherent in the ownership of facilities and/or equipment to the lessee, who in turn capitalizes the leased assets and records the capital lease as a liability. See Accounting Administrative Rule FIN 6.07 – Leases.

“Capital Project” means the method used for costs incurred to construct or develop a tangible or intangible capital asset before it is substantially ready to be placed into service.

“Capitalization thresholds” means dollar value at which a government elects to capitalize tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

“Construction in progress” means incurred costs accumulated in a capital project for buildings, improvements, infrastructure, software, development sites, or other projects which remain incomplete and thus have not yet been placed into service. Construction in progress is not depreciated.

“Computer software” means developed or obtained for internal use and purchased or leased via cloud computing categories: infrastructure as a service (IaaS), platform as a service (PaaS), or software as a service (SaaS), software on demand, or hosted by a commercial vendor, internally developed, or contractor-developed to meet the City’s internal needs.

“Depreciation” means the systematic allocation of the cost of a capital asset, less any salvage value, over the estimated useful life of the capital asset. The City calculates and records depreciation expense using the straight-line method.

“Depreciable Land Use Right” means the right to use land for a specific limited element use though it does not transfer actual ownership of the land, but grants temporary specific element property use, which are a specific type of easement for a limited length of time. An example is rights of way, water, timber, air or mineral rights.

“Depreciable Owning Right” means temporary ownership of a product or service and is legally reserved for the exclusive use of the owner by limited length of time governed by contractual or legal provisions. An example is a trademark, copyright, or a patent.

“Easement” is a real estate concept where the owner of a property grants permission to use the property to another entity (the easement holder). An easement does not transfer actual ownership of the property. Easements are often held by public utilities for the right

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to erect utility poles or run pipes either above or beneath private property. (see the definition of Land Use Right for additional details).

“Equipment” means tangible personal property with a useful life greater than one year that does not lose its identity when removed from its location and is not changed materially or expended in use. Equipment does not include the cost of internally developed software.

“Fair value” means the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date exit price. Fair value measurement is an exit price from the perspective of a market participant that controls the asset or is obligated for the liability. The preferable valuation technique is observable inputs such as quoted prices in active markets, rather than internally generated unobservable information. The valuation approach can be either the market approach, cost approach or income approach.

“General and Administrative expenses” means the set of expenses required to administer a business, and which are not related to the construction or sale of goods or services. The expenses will still be incurred, even in the absence of any construction, sales or selling activity.

“Historical cost” means the purchase price or construction cost of a capital asset including any ancillary charges.

“Improvement” means an addition or change to a capital asset, other than maintenance and repairs, which extends its useful life and/or improves its efficiency, capacity, or usability. Improvements to land such as retaining walls, swimming pools, or picnic facilities that have identifiable useful lives and meet the dollar threshold, shall be capitalized as Improvements to land. Improvements to a building such as significant alterations, renovations, or structural changes that have identifiable useful lives and meet the dollar threshold, shall be capitalized as Buildings. Improvements to equipment such as adding additional storage space to a computer server, or increasing the efficiency of the equipment that has an identifiable useful life and meets the dollar threshold, shall be capitalized as Equipment.

All other additions or changes to buildings, which may include leasehold improvements, or equipment meeting the dollar threshold will be classified as follows:

- Improvements to buildings, which may include leasehold improvements shall be capitalized as Buildings
- Improvements to equipment shall be capitalized as Equipment
- Leasehold improvement is defined below.

“Indirect cost” means cost incurred typically after the acquisition of an asset, and may be a proportionate share of costs clearly related to the purchase, construction, development, or improvement of capital assets as a group, but not to the purchase, construction,

development, or improvement of a specific asset. Examples are legal fees incurred discussing several projects or asset purchases. On a construction project, the office cost for the field office at the project site and the administrative staff at the field office is an example of indirect cost.

“Infrastructure” means long-lived capital assets that are normally stationary and can be preserved for a significantly greater number of years than most capital assets. Examples are bridges, roads, street lighting, water mains, and sewer systems. Land associated with infrastructure should be reported as land rather than infrastructure. Buildings may be classified as infrastructure if they represent components of an infrastructure subsystem or network.

“Intangible asset” means an asset lacking physical substance that is identifiable and has a useful life greater than a one year reporting period, for example, computer software, land use rights, or arises from contractual or other legal rights.

“Land” means real estate held for productive use. The cost of land shall include any ancillary charges necessary to ready the land for its intended use such as draining, filling, and grading. Land is not depreciated.

“Land use Rights” means the right to use land for a specific limited use though it does not transfer actual ownership of the land, but grants specific property use, which are a specific type of easement. An example is rights of way, water, timber, air or mineral rights.

“Leasehold Improvement” pertains to leased property for which ownership does not transfer to the lessee at the end of the lease and includes additions or changes to prepare leased assets for initial or continued use. Ownership of such improvements reverts to the lessor upon expiration of the lease.

“Maintenance and repairs” means periodic expenditures that sustain an asset in good working order throughout its estimated useful life. Maintenance and repairs do not expand the capacity or extend the useful life of the asset and are therefore not capitalized.

“Minor equipment” means tools and equipment with a unit cost of less than \$5,000. Minor equipment is expensed at acquisition and is not capitalized. Bureaus shall maintain their own separate inventory system for minor equipment.

“Network” means a group of assets that provide a service, for example, a water distribution system or a sewage treatment plant.

“New component” means the addition of an item, structure, or function to an existing asset for which no such item, structure, or function previously existed. A new component shall be treated as a separate asset.

“Owning rights” means ownership of a product or service and is legally reserved for the exclusive use of the owner. An example is a trademark, copyright, or a patent.

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“Replacement” means a substitution of an existing asset by a new asset.

“Salvage Value” means the expected residual value of a capital asset at the end of its useful life. Salvage value is deducted from cost in calculating depreciation.

“Subsystem” means all assets that comprise an identifiable segment of a network or system of assets. For example, within a water distribution network are subsystems of pumping stations, storage facilities, and water mains.

“Useful Life” means the typical estimated life of a capital asset placed into service at the purpose for which the asset was acquired. See FIN 6.11.03 Useful Life Examples for additional guidance.

“Works of art and historical treasures” mean visual creations and artifacts sited where accessible to the public.

Related Policies and Procedures

FIN 6.11.01 Asset Classification Examples

FIN 6.11.02 Physical Inventory of Capital Assets

FIN 6.11.03 Useful Life Examples

FIN 6.12 Disposal of Capital Assets

History

Resolution No. 36435, adopted by Council September 6, 2006.

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DISPOSAL OF CAPITAL ASSETS

Administrative Rule Adopted by Council

ARC-FIN-6.12

Purpose

The purpose of this administrative rule is to establish minimum standards for the disposal of capital assets and subsequent reporting in the financial records.

Authority

Authority for this administrative rule is established in the City Charter and the City Code. This administrative rule has been approved by the City Council.

Monitoring Compliance

The Accounting Division of the Bureau of Revenue and Financial Services of the Office of Management and Finance (Accounting Division) will ~~periodically monitor bureaus~~ bureau capital asset inventory schedules to assess compliance with the minimum standards of this rule. ~~As Identified instances of non-compliance are identified, bureaus will be required to develop~~ require the development and implement implementation of a bureau corrective action plan. The Accounting Division will provide assistance to bureaus, if requested, to develop this plan. The Controller will report all instances of non-compliance ~~annually~~ to the Chief Financial Officer (CFO) and City Council.

Definitions

~~"Book value" or "net book value" means historical cost of a capital asset less any related accumulated depreciation.~~

~~"Disposal" means to relinquish ownership of an asset in a conclusive manner by sale, exchange, transfer, involuntary conversion, abandonment, or donation.~~

~~"Impairment" means significant, unexpected decline in the service utility of a capital asset.~~

~~"Retire" means to withdraw an asset from normal usage or service.~~

~~"Surplus property" means tangible personal property, including capital assets or minor equipment, no longer needed by the owner. Examples include office furniture, computer equipment, vehicles, and items determined to be obsolete or overstocked.~~

~~See additional definitions in Accounting Administrative Rule FIN 6.11 Capital Assets.~~

General Guidelines and Responsibilities for Disposal of Capital Assets

1. Capital assets retired from service shall be disposed of in the most efficient and cost effective manner possible.
2. Capital assets shall be disposed of in a manner that is environmentally responsible.
3. Tangible personal property shall be designated as surplus and authorized for disposal in accordance with City Code Chapter 5.36 Property Control.
4. Vehicles and vehicular equipment shall be designated as surplus and disposed of by the Office of Management and Finance – Bureau of Internal Business Services.
5. Information technology and communication equipment shall be designated as surplus and disposed of by the Bureau of Technology Services. City data and software shall be removed from such equipment in accordance with Bureau of Technology Services Policies and Administrative Rules.
6. 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.

Recordkeeping and Accounting for Disposal of Capital Assets

- ~~1. Capital asset disposal records shall be maintained in accordance with Generally Accepted Accounting Principles under the direction of the Accounting Division.~~
- ~~2.~~ 1. Capital asset disposal records shall be retained in accordance with City policies and retention schedules published by the City Auditor.
- ~~3.~~ 2. A full year's depreciation expense shall be recognized in the year of disposal.
- ~~4.~~ 3. Gain or loss on disposal of capital assets shall be recognized in accordance with Generally Accepted Accounting Principles.
- ~~5.~~ 4. Capital assets that continue in service, even after fully depreciated, shall remain on the financial records and shall be removed only upon disposal.
- ~~6.~~ 5. Disposing bureaus shall promptly and accurately record disposals, including transfers between bureaus, as they occur throughout the fiscal year.
- ~~7.~~ 6. Supporting documentation for disposals, including transfers between bureaus, shall be submitted to the Accounting Division's Capital Asset Accountant timely after the disposal or transfer. Refer to Accounting Division's procedure document for documentation requirements.
- ~~8.~~ 7. Historical cost of transferred assets, along with any related accumulated depreciation (net book value), shall be removed from the transferring owner's balance sheet and

added to that of the new owner. Difference between agreed upon purchase price and net book value will be recorded as gains or losses.

9-8. The bureau owning an asset shall further be responsible for:

- a. Explaining and resolving physical inventory discrepancies and completing an Equipment a Capital Asset Disposal & Transfer and Disposal Report or an Asset Acquisition Form, whichever is appropriate;
- b. Accounting for items lost or stolen by completing an Equipment a Capital Asset Disposal & Transfer and Disposal Report Form; and
- c. Filing a police report for any asset believed to have been stolen.

Disposal of Personal Property

1. 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.
2. Subject to bureau-specific authorization, disposition shall be permitted as follows:
 - a. Transfer or sale to another bureau,
 - b. Transfer or sale to another public agency,
 - c. Delivery to the State of Oregon for disposal as surplus,
 - d. ~~Donation, if the do — nation is deemed to be in the public interest, to a public agency or an Internal Revenue code 501(c)(3) organization as follows:~~
 - i. ~~Items valued under \$5,000 shall be authorized by the donating bureau's Commissioner in charge or by that Commissioner's designee.~~
 - ii. ~~Items valued at \$5,000 or more shall be authorized by Council.~~
 - d. Donation – refer to City code 5.36.010

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- 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 specific types of equipment shall be handled as follows:
 - i. Vehicles and vehicular equipment by the Office of Management and Finance – Bureau of Internal Business Operations Services
 - ii. Computer and communications equipment by the Bureau of Technology Services
- 3. The following surplus property shall be transferred, donated, sold, or otherwise disposed only after Council approval:
 - a. Firearms,
 - b. Contraband,
 - c. Hazardous items,
 - d. Items of historical significance, and
 - e. Any other item deemed appropriate for exemption by the Commissioner-In-Charge of the bureau owning the property.

Disposal of Real Property

- ~~1. Real property, including land, land improvements, buildings, and infrastructure shall be disposed of only after Council approval by ordinance.~~
- ~~2. The bureaus owning the property shall, in general, have responsibility for the sale of real property.~~

For disposal of Real Properties, please refer to City Code 5.36 and Administrative Rule (ADM) 13.02.

Disposal of Grants-funded Assets

For disposal of grant-funded assets, please contact Grants Management for requirements.

Disposal of Historic Assets

If an asset is on the National Register of Historic Places, please refer to U.S. Code Title 16 Chapter 1A for requirements.

Impairments of Capital Assets

1. 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.
2. Bureaus shall consult with the Accounting Division to insure proper measurement, recording, and reporting of impairments in accordance with GAAP.

Definitions

"Book value" or "net book value" means historical cost of a capital asset less any related accumulated depreciation.

"Disposal" means to relinquish ownership of an asset in a conclusive manner by sale, exchange, transfer, involuntary conversion, abandonment, or donation.

"Impairment" means significant, unexpected decline in the service utility of a capital asset.

"Personal property" means any asset other than real property. The distinguishing factor between personal property and real property is that personal property is not fixed permanently to one location as with real property. Examples of personal property include vehicles, furniture, equipment, software, etc.

"Real property" means any property attached directly to land as well as the land itself. It is any subset of land that is fixed permanently to one location. Real properties include land, land use rights, buildings, improvements to land, and infrastructure.

"Retire" means to withdraw an asset from normal usage or service.

"Surplus property" means tangible personal property, including capital assets or minor equipment, no longer needed by the owner. Examples include office furniture, computer equipment, vehicles, and items determined to be obsolete or overstocked.

See additional definitions in Accounting Administrative Rule FIN 6.11 Capital Assets.

Related Policies and Procedures

FIN 6.11 Capital Assets

History

Resolution No. 36435, adopted by Council September 6, 2006.