

**IMPACT STATEMENT**

**Legislation title:** Amend Citywide Accounting Administrative Rules relating to capital asset accounting (Resolution)

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**Purpose of proposed legislation and background information:**

This resolution has Council adopt amendments to one Accounting Administrative Rule (FIN 6.12), repeal and replace a second rule (FIN 6.11), and repeal a third rule (FIN 6.09). These rules relate to accounting for capital assets and were in need of review and update. The result of the amendments are improved rules that better reflect best practices and provide clearer guidance and direction to City staff.

**Financial and budgetary impacts:**

There are no direct financial or budgetary impacts to the adoption of these administrative rules. Indirectly it is reasonable to expect that bureau staff compliance with these Accounting Administrative Rules will lead to improved accounting practices regarding capital assets which could lead to cost savings and the avoidance of expenses or potential audit findings.

**Community impacts and community involvement:**

The Accounting Administrative Rules amended by this resolution are guidance and direction to City staff, and do not directly impact external stakeholders and community members.

As part of the rule review and update process, the Accounting Division held a 15-day review and comment period during which City of Portland staff could provide comments and suggestions for changes to the administrative rules.

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

**EXHIBIT B**

**37316**

**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.~~

9/20/17  
Fritz Amendment;  
put this sentence back in but not annually

**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.~~