

SALT LAKE COUNTY
COUNTYWIDE POLICY
ON
SURPLUS PROPERTY DISPOSITION/TRANSFER/INTERNAL SALE

Purpose -

This policy prescribes the procedures and financial accounting requirements for the authorized disposition, transfer, and internal sale of Salt Lake County personal property.

Reference

This policy shall apply to all dispositions, transfers, and internal sales of County personal property. This policy is applicable regardless of original purchase price, current fair market value (actual or estimated), accounting classification, or method of acquisition.

Salt Lake County Ordinance & Utah State Code governs all personal property disposal transactions.

All fixed asset dispositions, transfers, and internal sales shall comply with the "Uniform Fiscal Procedures Act" and generally accepted accounting principles as required by the "State Uniform Accounting Manual for Counties."

Further specific policies and procedures relating to the accounting for the disposal and transfer of fixed assets will be included in the Salt Lake County Auditor's Office Accounting & Operations Division, Accounting Policies and Procedures Manual. This policy shall apply to personal property only.

1.0 Definitions

- 1.1 Purchasing Agent- The Director of the Division of Contracts & Procurement, who is responsible for the disposition of surplus County personal property.
- 1.2 County Agencies- Any department, division, or elected office (hereinafter referred to as "organization"), within Salt Lake County whose operations are funded by Salt Lake County.
- 1.3 Property- Any tangible supplies, materials, or equipment to which Salt Lake County has acquired title by means of purchase, donation, grant, exchange, or any other lawful means of acquisition; but not including goods obtained by County agencies other than the Division of Contracts and Procurement and distributed to individuals within the community pursuant to a County-run client assistance program. Individual County agencies are responsible for the procurement and disposition of all such goods obtained and disposed of pursuant to their respective client assistance programs.
- 1.4 Personal Property- All property that is not considered real property. All County personal property shall be subject to these provisions, regardless of the means of acquisition.

- 1.5 Real Property- Land, and buildings or structures, permanently affixed thereto.
- 1.6 Surplus Property- Personal property that is no longer needed by a County Agency for the performance of its duties.
- 1.7 Scrap- Personal Property for which there is no residual value beyond the value of its material content.
- 1.8 Property Transfer- A two-part transaction involving (1) the physical movement of personal property from one County organization to another and (2) the accounting functions which transfer accountability for the property from the one County organization to the other.
- 1.9 PM2- The Salt Lake County form that is used to record the disposition, transfer and internal sale of personal property on the fixed asset records of Salt Lake County.
- 1.10 Surplus Sale- A method of disposing of surplus personal property which is not needed by any County organization. Such disposal is generally to the public-at-large, and may take the form of a sealed bid sale, a public auction, a public sale or a negotiated sale.
- 1.11 Organization- The organization is a term that refers to separate budgetary units of the County. Financial policies of Salt Lake County provide that accounting, budgeting and fixed asset information be maintained by the "organization." Each County subdivision is assigned a unique "organization" number that is maintained in the County's financial system.
- 1.12 Auditor's Office- The Salt Lake County organization with the responsibility to maintain the fixed asset accounting records by Fund, Agency, and Organization for individual personal property items with an original cost of \$3,000.
- 1.13 Proprietary Fund- A proprietary fund is used to account for governmental activities that are similar to activities that may be performed by a commercial enterprise. There are two types of proprietary funds: enterprise funds and internal service funds.
 - 1.13.1 Enterprise funds are used to account for operations that are financed and operated similar to private business enterprises.
 - 1.13.2 Internal service funds are used to account for the financing of goods or services provided by one County organization to another County organization on a cost reimbursement basis.
- 1.14 Internal Sale- The transfer of personal and/or real property to or from a proprietary fund (includes internal service and enterprise funds).
- 1.15 Surplus Property Agent- The purchasing agent's responsibility to dispose of surplus personal property is delegated to the "surplus property agent" in the Division of Contracts and Procurement.

2.0 Accountability

- 2.1 The purchasing agent is, by County ordinance, responsible for the disposition of surplus County property, unless otherwise specified by ordinance.

- 2.2 The surplus property agent manages the day-to-day operations of the surplus warehouse under the supervision of the purchasing agent.
- 2.3 The County organizations are responsible to initiate PM-2 forms documenting any transfer of surplus property, whether into or out of the warehouse, or between any two County organizations.
- 2.4 Property transfers between organizations of property consigned to the surplus warehouse requires specific approvals of the County organizations involved.
- 2.5 All property dispositions that involve a sale of surplus County property require prior authorization in compliance with County Ordinance adopted by the Salt Lake County Council.

3.0 General Conditions

- 3.1 Any transfer of personal property from one organization to another requires that a PM-2 form be correctly completed and signed by an employee of both the transferring and receiving organizations.
- 3.2 When personal property is consigned to the surplus warehouse, the surplus property agent signs as the consignee for the County organization disposing of personal property.
- 3.3 When personal property is ultimately transferred to another County organization, then that County organization will sign a PM-2 form as the receiving organization.
- 3.4 When personal property is disposed of by sale then the surplus property agent will maintain a record of the sale. The surplus property agent will provide copies of the completed PM-2 to the transferring organization and the Auditor's Office.
- 3.5 The transferring organization has the responsibility to see that the form is initiated, fully completed, properly signed, and that a copy is provided to the transferring organization, the receiving organization, and to the County Auditor. If adequate information is provided with the PM-2 form, then the responsibility for the property will pass to the receiving organization or will be a valid consignment to the surplus property agent.
- 3.6 If sufficient information to identify property is not provided with the PM-2, then it cannot be processed, and responsibility for the property remains with the transferring organization.
- 3.7 Proceeds from the sale or disposal of personal property will be recorded as revenue of the transferring fund if completed fixed asset information is recorded on the PM-2 form.
- 3.8 The PM2 Form serves as both the initiating document and as the receipt, and must be used to document all surplus property transactions.

4.0 Condition of Property

- 4.1 All surplus, obsolete or unusable personal property, regardless of its physical condition, shall be disposed of in accordance with these provisions through the Surplus Warehouse, except that items which are obviously scrap may be disposed of at the Salt Lake County Landfill, or be sold to a scrap metal dealer for its residual salvage value.

- 4.1.1 In order for any item to be disposed of as scrap, the Purchasing Agent or designee, Auditor, and responsible County organization must unanimously agree that it meets the definition, prior to disposal.
- 4.2 Organization shall not send used consumable, such as typewriter ribbons, correction ribbons, etc. to the warehouse. Such items may be discarded after use. Unused consumable items may be sent to the warehouse for possible transfer or sale.
- 4.3 Surplus vehicles should, to the extent possible, be sent to the warehouse in good condition. They should be complete, i.e., they should have four tires, a working battery, and they should be clean inside and out, since the condition of this type of property will significantly affect its resale value.
- 4.4 All property that is surplus should be sent to the warehouse in good, clean condition. Dirt and grime should be removed.
- 4.5 Hazardous materials such as insecticides, solvents, medical wastes, paints, combustibles and any other toxic or hazardous items are not to be disposed of through the Surplus Warehouse. When organizations need to dispose of hazardous items, they are to contact the health department for guidance in disposing of the items properly.

5.0 Conveyance of Surplus Personal Property of County Entities for Consideration Other Than Monetary

- 5.1 Personal property that has no further use by any County organizations may be conveyed to another entity if there is fair and adequate consideration given by the non-county organization.
 - 5.1.1 Such consideration must be defined by contract and processed per County Policy #1200.
 - 5.1.2 Consideration can be defined as a service provided to the County and its citizens, reasonably equivalent to the fair market value of the property.
- 5.2 County organizations must be given the first opportunity to request surplus personal property before the items are released to non-County organizations. Non-profit organizations, associations or other governmental entities are allowed to request the equipment after other County organizations have had an opportunity to receive the property and before the assets are put up for sale or auction to the general public.
- 5.3 The personal property conveyance will be made on a first come basis after being declared surplus by either the using County organization or the County Mayor in accordance with County ordinance.

- 5.4 The receiving non-county organization must provide services within Salt Lake County and to County citizens, which are consistent with the public goals and services of Salt Lake County. That service is what the County might otherwise perform or be required to perform. The receiving agency is responsible to define in writing that service it will provide to the County in consideration of the personal property.
- 5.5 After on a case-by-case basis the County Mayor determines that fair and equitable consideration has been offered, all personal property conveyed must be approved by the County Mayor. Unless otherwise agreed by the Mayor, an contract should be prepared to describe the property to be conveyed and the services to be performed in consideration thereof.
- 5.6 Any fees incurred by the County in establishing the value of the personal property as well as other fees involved in the transfer will be the responsibility of the receiving non-county organization.
- 5.7 The surplus value of the equipment being conveyed may be transferred from the County's General Fund Account to refund internal service and enterprise funds for equipment from their organizations.

6.0 Disposition/Transfer/Internal Sale of Surplus Property by County Organizations

- 6.1 Use of PM2 transfer/disposal form
 - 6.1.1 The PM2 Transfer/Disposal Form will be initiated by the transferring organization. (Copy of PM2 form is attached to this policy).
 - 6.1.2 The Personal Property Transfer Disposal PM2 form is to be completed for all types of transfers.
 - 6.1.3 All of the following information, if possible, is to be entered in the first three columns of the PM2 for all items being transferred or otherwise disposed of:
 - a. The "Fixed Asset Property Number"
 - b. "Description," and
 - c. "Serial Number," if applicable. This information is necessary to identify the asset being transferred, sold, traded in, and/or consigned to the surplus warehouse.
 - 6.1.4 If sufficient information is not provided, the asset cannot be identified, and it is not possible to update the fixed asset accounting records. In that case, fixed assets will remain on the organization's fixed asset records, even though the particular fixed assets have already been transferred or sold.

- 6.2 Consignment to surplus warehouse
 - 6.2.1 Organizations wishing to consign property to the surplus warehouse should send a completed and signed PM2 Form with the property as it is moved. Failure to do so will result in the property being refused at the warehouse.
 - 6.2.2 Organizations wishing to transfer large or heavy property to the warehouse should make necessary arrangements with Facilities Management to effect the hauling of such property. In any event it shall be the responsibility of the transferring organization to arrange for property transportation.
 - 6.2.3 Any property consigned to the surplus warehouse is then available for transfer to County organizations on a first-come, first-serve basis. Property not transferred to other County organizations will be otherwise disposed of in a manner consistent with County ordinance and property management techniques.
 - 6.2.4 As property consigned to the surplus warehouse is transferred, the receiving organization will sign the PM-2. The surplus property agent will forward copies of the PM-2 to the transferring organization and the Auditor's Office.
- 6.3 Disposition of personal property already transferred, sold, or destroyed but remaining on organizations' fixed asset records
 - 6.3.1 Sometimes personal property remains on the organizations' fixed asset records even though the particular assets have already been transferred, sold, or destroyed, **or the** PM2's may have been prepared but not processed, **or the** personal property may have been destroyed, or it cannot be located after thorough research and inventorying have been performed.
 - 6.3.2 In the above kinds of situations, a completed PM-2 form, listing items to be written off from the fixed asset records, is to be submitted for approval to the Mayor. A description of the circumstances explaining why the personal property is to be written off, and a description of the steps taken to locate the missing property should be attached. Prior to submission to the Mayor, the list of items to be written off should be reviewed by the Auditor's Office and then submitted to the purchasing agent.
- 6.4 Disposition of personal property acquired with grant funds
 - 6.4.1 Many grants place restrictions on the disposal of personal property acquired with grant funds. County organizations are to notify the Auditor's Office when personal property is acquired with grant funds.

- 6.4.2 County organizations should also ensure that personal property acquired with grant funds is disposed of in accordance with grant requirements.

7.0 Conduct of Sales

- 7.1 All sales will be conducted under the delegated authority of the purchasing agent. Sales will be conducted in an open manner consistent with County Ordinance, good business practice, and generally accepted accounting principles.
- 7.2 The Mayor, in accordance with County Ordinance, will approve all sales of surplus property. (Generally speaking, the Mayor must give prior approval to the method of sale, as well as final approval to consummate the sale).
- 7.3 The surplus property agent will provide the Auditor's Office with a final, commission approved list of items sold, including: Fixed Asset Property Number, Description, Serial Number if applicable, Sales Price, and Disposal Date.
- 7.4 The surplus property agent will provide the Auditor's Office with a final, approved list of items scrapped or otherwise discarded as per instructions by the Mayor. This list will include Fixed Asset Property Number, Description, Serial Number if applicable, Sales Price, and Disposal Date.
- 7.5 All sales will be considered final, with no guarantees or warranties of any kind as to the actual condition or function of the equipment sold. All surplus property shall be sold "As-Is, Where Is". It shall be the responsibility of the buyer to provide all services necessary to de-install, package, remove, and transport the equipment, at buyers' expense.
- 7.6 Methods of Payment
- 7.6.1 All property purchased at a surplus sale will be promptly paid for by cash or by check, in compliance with the requirements of County-Wide Management of Public Funds Policy #1062, and in compliance with Countywide policy #1301 "Policy on Acceptance of Checks". All purchases of surplus County vehicles shall be by cash or by certified funds.
- 7.6.2 The means of payment at any given sale may be made more restrictive, in the interest of the County.
- 7.6.3 The surplus property agent will provide a detailed list to the Auditor's Office of amounts received in cash and checks, deposited categories.

7.6.4 All cash receipts will be deposited with the County Treasurer, in accordance with current Salt Lake County County-Wide Management of Public Funds Policy #1062.

7.7 Security

7.7.1 Where large sums of cash are likely to be received at a given sale, appropriate security measures will be instituted in cooperation with the County Sheriff.

7.8 Receipting sales

7.8.1 All property sold through County surplus operations will be properly receipted, showing the sale date, purchaser, description of property sold, and the consideration received by the County.

7.9 Extension of credit

7.9.1 There will be no extension of credit in the sale of surplus property at any time, or to any person, employee, or agency.

7.10 Release/removal of property

7.10.1 No property will be released to any buyer at any surplus property sale, regardless of the type of sale, until the County has received the agreed-upon consideration, in the form of cash or check, or other consideration as defined by County Ordinance 3.36.020.

7.11 Negotiated sales

7.11.1 The County will give due consideration to any offer to purchase surplus property made by a potential buyer. Such an offer may be tendered at any time other than in response to a sealed bid solicitation, or an auction.

7.11.2 Such offers, however, will normally be for equipment of a relatively specialized nature, which the general public would not ordinarily purchase.

7.11.3 The Mayor must approve such purchases in advance, and the offer must represent a full and fair market value for the equipment.

7.11.4 The decision as to which items may be sold by negotiated sale is the sole province of the County Purchasing Agent, in accordance with County ordinance, subject to the approval of the Mayor.

7.12 Trade-in of equipment

7.12.1 In any instance where County property is to be disposed of by trading it in on the purchase of new equipment, the trade-in will be treated as any other transfer of property, and a PM2 form will be initiated, signed, and the original copy forwarded to the Auditor's Office. This will ensure proper accountability.

7.13 Disposition of scrap

7.13.1 Personal property that is determined to be unusable and to have no value other than the material content will be considered to be scrap.

7.13.2 In most cases surplus property will not be deemed to scrap unless all efforts to dispose of it otherwise are unsuccessful.

7.14 Pay-back policy on sales proceeds

7.14.1 In accordance with County Ordinance 3.36 "Property Disposal", sales proceeds will generally be deposited to the general fund, or other funds as required by State statutes or other governing regulations.

7.14.2 The proceeds from the sale of any surplus property, which was originally purchased by a County organization having an independent revenue base, or an account separate from the general fund, shall be deposited to that organization's account, and not the general fund (3.36.070). The Auditor's Office upon receipt of bid, auction or other sales lists will distribute, via journal voucher, the proceeds of the sale.

7.15 Participation of county employees in property sales

7.15.1 County employees shall be permitted to participate in the purchase of County surplus personal property, only in the same manner as the public-at-large, except that no County employee shall be given any consideration or privilege in any such sale that might be construed as giving him an advantage in obtaining any surplus property.

7.15.2 Employees of the Division of Contracts & Procurement shall be prohibited from participation in sealed bid sales, and shall be permitted to participate in public sales only after the public-at-large shall have been extended sufficient opportunity to have first choice of the property.

8.0 Exceptions To Policy

8.1 There shall be no exceptions to this policy, except as may be granted by the County Mayor in accordance with applicable County ordinances.

APPROVED and PASSED this 14 day of September, 2004.

SALT LAKE COUNTY COUNCIL

Steve Harmsen, Chair

ATTEST:

Sherrie Swensen, County Clerk

APPROVED AS TO FORM:

District Attorney's Office Date