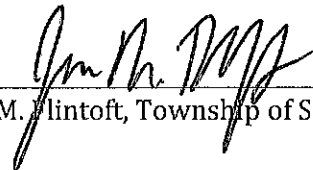


TOWNSHIP OF SCIO
Capital Asset and Controlled Asset Disposal Policy

I hereby certify that the Capital Asset and Controlled Asset Disposal Policy
was adopted by the Board of Scio Township at its Regular
Meeting held on May 13, 2025, at the Township Hall,
827 North Zeeb Road, Ann Arbor, Michigan.



Jessica M. Flintoft, Township of Scio Clerk

SCIO TOWNSHIP

CAPITAL ASSET AND CONTROLLED ASSET DISPOSAL POLICY

GENERAL

The Capital Asset and Controlled Asset Disposal Policy outlines the procedures and guidelines for the disposal of capital assets owned by Scio Township. The purpose of this policy is to ensure that the disposal of capital assets is conducted in a transparent, responsible, and compliant manner, while maximizing the value of assets and minimizing financial risk.

DEFINITIONS

Capital Assets: Township assets including but not limited to land, buildings, machinery and equipment, vehicles, infrastructure, easements, and historical treasures.

Capitalization Threshold: The capitalization threshold is the dollar amount that an asset must equal or exceed if that asset is to be capitalized. Otherwise the item would be considered as an expense at the time of acquisition.

Controlled Asset: For internal control purposes, the Township may maintain an inventory listing of certain controlled assets that do not meet the above reference capitalization amounts. Controlled assets includes items that should be specifically accounted for and inventoried periodically due to the high re-sale value of the equipment and potential risk of theft. Controlled assets may include items such as computers, construction equipment, water meters, and other equipment.

Disposal: The process of selling, transferring, donating, or otherwise removing capital assets or controlled assets from the local government's ownership.

Surplus: Capital assets and controlled assets that are no longer needed for operational purposes.

Fair Market Value: The price at which the asset would change hands between a willing buyer and a willing seller, both having reasonable knowledge of the relevant facts.

Obsolete: Capital assets or controlled assets that are no longer useful due to technological advancements or changes in operational needs.

Selling Authority: The Board of Trustees is responsible for overseeing and approving capital asset and controlled asset disposals. The Operations Director is delegated the responsibility for overseeing and approving disposals valued at less than \$5,000.

POLICY/PROCEDURES

Identification of Surplus Assets: The department responsible for the management of assets shall identify surplus capital assets or surplus controlled assets. Surplus assets may include items that are obsolete, damaged beyond repair, or have exceeded their useful life.

Evaluation and Valuation: The Operations Director and Finance Director shall jointly determine the

fair market value of surplus assets through appropriate methods, which may include appraisals, market research, or expert assessments. The value assessment shall consider the asset's condition, age, market demand, and any other relevant factors.

Disposal Methods: The Township may dispose of surplus capital assets and surplus controlled assets through the following methods:

- Public Auction: Selling assets through a public auction to obtain competitive bids.
- Sealed Bids: Inviting sealed bids from interested parties and selecting the highest bidder.
- Negotiated Sale: Negotiating with potential buyers to achieve the best possible value.
- Donation: Donating assets to charitable organizations or other governmental entities if deemed appropriate.
- Trade-In: Exchanging surplus assets for new assets with a supplier or vendor.
- Recycling: Donating obsolete assets for the purpose of recycling materials.

Approval Process: Prior to initiating the disposal process, the department seeking to dispose of assets must submit a disposal request to the Operations Director. The Operations Director will review the request and ensure compliance with this policy before granting approval. The disposal of items valued at \$5,000 or more, must be approved by the Township Board.

Documentation: All capital asset and controlled asset disposals must be well-documented. This documentation should include details such as the asset description, disposal method, fair market value, buyer information (if applicable), approval records, and reasons for disposal.

REPORTING AND ACCOUNTABILITY

The Finance Director or designee shall maintain records of all capital asset and controlled asset disposals, including details of the assets, disposal methods, and financial transactions. Records shall be reviewed annually to ensure adherence to policy guidelines.

COMPLIANCE AND LEGAL CONSIDERATIONS

All capital asset and controlled asset disposals shall comply with federal, state, and local laws, regulations, and guidelines. The Township shall seek legal counsel when necessary to ensure compliance.