


<b>Subject:</b> Disposal of Junk Material and Scrap Metal	<b>Number:</b> 3-10
	<b>Date Issued:</b> December 17, 2009 <b>Date Revised:</b>
<b>Responsible Department:</b> GSD-Purchasing	<b>Approved:</b> 

**Purpose**

To establish a process to assist City Departments in the disposition of City owned junk material and scrap metal.

**Policy**

Many City Departments accumulate junk material and scrap metals during the course of their operations. Examples of items that may be considered scrap metal or junk material include, but are not limited to:

- |                 |  |
|-----------------|--|
| Aluminum        | Machinery  |
| Brass           | Office Furniture                                     |
| Copper          | Refrigerators  |
| Cylinders       | Recyclables (i.e., paper, bottles, cans & cardboard) |
| Expanded Metal  | Stainless Steel                                      |
| Galvanize Pipes |  |

To dispose of City property with a residual value of \$2,000 or more, the owning Department must complete a Fixed Asset Inventory Input Document (FA 91) and submit to Purchasing prior to disposal (See A.O. 3-8).

Equipment purchased through grant funds shall be utilized and disposed of in accordance with City's policy and consistent with the grant/contract provisions if applicable.

Per A.O. 3-8, Disposition of Surplus City Property, Sub-Section # 6 gives the responsibility of disposing items of "no value" or "junk" to the originating Department. It is not feasible to dispose of junk material or scrap metal by offering it to the public for free. The two methods traditionally used to dispose of junk material and scrap metal have been 1) Department employees take material to a scrap/recycling vendor, or 2) the Department allows a "junk hauler" to pick up the material to minimize the opportunity for fraud and misappropriation of funds have the material disposed of by the private hauler and not the Department employees.

The disposal of scrap metal will be coordinated through each Department and arranged for periodic disposal by the appropriate vendor.

Monies received from the sale or disposition of materials are subject to State of California sales taxes, and must be collected and deposited to the City's state tax revenue account: 20110-63536-52021.

If California sales taxes have not been collected or are not shown as a separate line item on the remittance, the appropriate tax amount must be calculated. The City of Fresno tax rate, as of April 14, 2009, is 8.975%. To calculate the applicable sales tax, the total remittance must be divided by 1.08975 (1. plus the current sales tax rate), which will yield the amount of the sale. For example, a remittance of \$100, divided by 1.08975 yields \$91.76, which is the amount of the sale. \$100.00 minus \$91.76 is \$8.24, which is the amount of tax owed to the State to be deposited to the tax revenue account. The sale amount, in this example, \$91.76 would then be deposited to the appropriate Department revenue account.

Once sales tax has been assessed against the sale proceeds, the remaining funds from the sale will be deposited in accounts specified by the Finance department, except in those cases where the department selling the property receives Federal grants. Departments that receive Federal Grants and have made assurances associated with those grants will receive the proceeds of the sale (after sales tax has been assessed) to deposit in accounts of their choosing.

## **Procedures**

### **Fiscal and Record Controls**

To insure adequate accountability for disposed equipment and monies secured from such disposal, as well as protection of employees handling such funds, the following controls shall be exercised:

- a. Any scrap metal disposed of, to outside vendors shall require documentation.
- b. All cash (or check) sales shall be supported by an acceptable sales slip, indicating the employee's name, item sold, amount of the sale, date, employee's signature handling the transaction, the serial number, method of payment (cash/check), and vendor's name, address and phone number.
  1. Checks shall be made payable to the City of Fresno.
  2. Checks and/or cash, along with a copy of the sales slip will be submitted to the Finance Department/Utilities Billing & Collection Division/License Section.
  3. A three part cashier memo shall be prepared and dispersed in the following manner; one copy to the customer, one copy to the department and one copy with original receipt forwarded to the Finance Department.

**Storage and containment of scrap metal**

- a. Scrap metal materials will be stored securely pending their subsequent removal and disposal: materials are to be stored in a manner to prevent contamination of the groundwater.
- b. Adequate security precautions should be taken to prevent loss, theft, vandalism, or un-authorized scavenging of materials.