



Disposition of Equipment

Equipment disposition is when equipment purchased with federal funds is no longer needed for its intended purpose or use. School Food Authorities (SFA) should dispose of equipment acquired with federal funds, in accordance with [2 CFR 200 .313 e](#) . The SFA recipient must use equipment for their project or program for the intended purpose it was acquired and for as long as needed.

Equipment typically refers to tangible personal property with a useful life of more than one year and a purchase price above a certain threshold, usually \$5,000 or more, that is acquired using federal funds from the United States Department of Agriculture (USDA), the federal agency. The fair market value of the equipment is a key factor in determining the disposition process.

When equipment acquired with federal funds is no longer needed for the original project or program currently or previously supported by a Federal agency, the SFA recipient must request disposition instructions from Indiana Department of Education (IDOE).

Disposition of the equipment will be made as follows, in accordance with USDA and/or IDOE, through entity disposition instructions. The SFA must not dispose of or encumber its title without prior IDOE approval. Disposal of equipment depends on the item's current fair market value and must be compliant with USDA's regulations.

Determine the Current Fair Market Value and Disposal Options

1. **Equipment valued at \$10,000 or less may be retained, sold, or disposed of by the contractor with no further obligation [CFR 75 Title 2, Subtitle A, Chapter II, part 200.313\(e\)\(1\)](#) to the federal agency.** This means the school can keep, sell, donate, or discard the equipment without prior approval from IDOE or further compliance with the federal agency regulations. The SFA can retain or dispose of the equipment as it deems appropriate.
2. **Equipment valued at more than \$10,000 should be disposed of per [CFR 75 Title 2, Subtitle A, Chapter II, part 200.312\(b\) and .313\(e\)\(2\)](#) and requires approval from IDOE before disposal.**
3. **Methods of Disposition**
 - School to School Transfer within district (preferred method)
 - Public Auction (Associated fees)
 - Request for Proposal
4. **Replacement Equipment** -When acquiring replacement equipment, the recipient or subrecipient may either trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment.



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

5. **Record Keeping** - Accurate records of equipment disposition, including sales proceeds and any reimbursements to the USDA, are essential.

Steps for Documenting Equipment Disposition

- a. Include a description of the equipment
- b. The manufacturer's serial number, model number, or other identification number
- c. Acquisition date and unit acquisition cost
- d. Location and condition of the equipment and the date the information was reported
- e. Value of equipment, including source(s) of valuation (e.g., names and addresses of bidders and amounts of bids received, and/or names and addresses of appraisers and appraisal amounts)

Definitions

- **Recycled Property**

Property that can be recycled and collected in conjunction with a recycling program can be sold without advertising.

- **Worthless Property**

Any property that is worthless maybe demolished or junked. To determine if a property is worthless, in accordance to, (IC 5-22-22-8) which states the "property may be considered worthless or of no market value if the value of the property is less than the estimated costs for the sale and transportation of the property."

- **Scrapping**

Federal school lunch regulations allow school districts to scrap worthless property. The SFA should get prices quotes from multiple scrappers to make sure you get the best possible price.

- **Trade-ins**

School nutrition directors can also trade in the property when purchasing new property. The bid or quote specifications must describe the trade-in and the new equipment purchased. The invoice must identify the discounted price as trade-in on previously owned equipment.

- **Giving it Away**

Transferring equipment to another school is not allowed. However, it can be sold to another district. If you do sell excess equipment to another district, you must document that the other district paid fair market value for the equipment.

IDOE Child Nutrition Procurement Contact Information

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