

FEDERAL PROPERTY DISPOSITION PROCESS

Note: All property purchased with federal funds **must be sold, and funds remitted back to Federal Grants Division/Federal Gov't. It cannot be disbursed/given away to other schools like property purchased with state funds.**

1. Inventory and identify which property was purchased with federal funds and specify \$\$ amount, and which federal program the funds came from.
2. Valuation of the property:
 - a. Decide if the property is classified as '**Equipment**' or '**Supplies**'.

Example: **Equipment** = vehicles and property with longevity
Supplies = desks, P.E. toys/equipment – property not intended to last a long time.

IF the property is **Equipment**, it must be listed **per item** with its fair market valuation.

IF the property is **Supplies** it can be valued as an **aggregate**.
 - b. Decide if the property is valued **over \$5000.00 or under \$5000.00**.

IF the property is valued **over \$5000.00** there is a specific form to submit to Federal Grants Division.

IF the property is valued **under \$5000.00** there is a specific/different form to submit to Federal Grants Division.

The forms will be tracked through a Smartsheet format.
3. Complete the proper forms for the property. The form will include the property, its value, and the specific federal program the funds to purchase it came from. Nick Davis is available to help with this process.
4. Submit the form(s) to the Federal Grants Division.
5. The submitted forms will be approved by the Federal Grants Division (Cory) and you will be notified of the approval through the SmartSheet platform. The goal to complete the entire process is 45 days or less.
6. Once you receive approval, you may advertise and sell the property and remit funds back to Federal.

Questions and Answers:

1. What happens if the property cannot be sold, or no one wants it?

If the federal equipment and supplies are unable to be sold, the LEA might need to re-evaluate the current fair market value. In doing this, they might identify that the per-unit value for equipment, and aggregate values for supplies is lower than the \$5,000 threshold and thus they would need to submit an under \$5,000 form in the EDGAR Connect WorkApp, and ensure that they discuss that they were unable to sell the items, and that they re-evaluated the current fair market value and determined that these items purchased with federal funds are not under the threshold.

2. What do we do if the closed charter loses access to a rented space and the landlord wants the property removed before it has been sold?

The LEA is responsible for warehousing these items and storing them until the appropriate disposition method can be carried out.

3. Can property purchased with federal funds be sold with the real property owned by the agency if the buyer is willing to pay valuation price for the federal property?

No. The LEA must follow the appropriate federal disposition method which does not permit the items to be rolled into a larger purchase of state-owned real property.

Summary:

1. All federal property must be sold and proceeds remitted to Federal Govt.
2. The forms must be completed FIRST, and APPROVED to start the process of selling and the closed charter does not need to know WHO the property is going to for forms to be completed.
3. There are different methods for valuation and recording for Equipment vs. Supplies.
4. There are different forms to complete depending on value less than \$5K vs. more than \$5K.
5. The forms and process are tracked and managed on SmartSheet which the Conservator can have access to.
6. An entity that has a lien against a closed charter cannot receive monetary relief from the sale of property bought with federal funds.
7. As in all situations, monies owed to the Federal Govt will take precedence.

Helpful Links:

[§ 2 CFR 200.1](#) Federal Definitions

[EDGAR FAQs](#) Formal TEA guidance on disposition

[General and Fiscal Guidelines](#)