

## POLICY

The purpose of this Policy is to provide a process for the effective and efficient disposal of District assets, including the disposal of assets in an equitable manner that maximizes the useful life and value of the asset without incurring operating costs exceeding the benefits derived while ensuring the District is even-handed, open, and honest in all disposals.

The purpose of this Policy is also:

1. To clarify the assets to which this Policy applies;
2. To provide a method to identify, track, and dispose of assets that have no further use to District.
3. To identify conditions under which assets will be considered scrap or available for donation.
4. To ensure that the District operates in accordance with generally accepted accounting principles, including employee taxable benefits relating to asset disposal.
5. To provide a basis for insurance coverage.

## SCOPE

This Policy includes, but is not limited to, the following asset categories integral to the District's operation or administration:

1. All equipment and vehicles used for firefighting, emergency medical services (EMS), administration of the office, audio visuals, fitness, maintenance, and radio or telephone communication.
2. All furniture, computers, internet or network components, computer peripherals, software, and motor vehicles.
3. All training materials such as participant manuals, instructor manuals, slides, instructional aids, subscription periodicals, etc.
4. All real estate, such as land, parking lots, buildings, and building improvements, owned, or leased by Board of Directors' approval and are excluded from this Policy.
5. All leased assets are excluded from this Policy and should be disposed in accordance with the terms of the lease agreement.

6. All assets owned by others, (e.g., Missouri Department of Conservation) are excluded from this Policy and should be disposed in accordance with the terms of any agreements created with the asset owners.
7. All assets acquired through a governmental surplus program might be excluded from this Policy if the terms of agreements of the surplus program govern disposal of the asset, e.g., a three year waiting period before disposal of certain assets is allowed.
8. The disposal of an asset acquired through a charitable donation in which a Form 8283 was provided to the IRS may require additional reporting to the IRS, i.e., filing Form 8282 if the disposal was less than three years from the receipt of the charitable donation.

### RESPONSIBILITIES

It is the responsibility of all **employees** to safeguard District assets from unauthorized disposal.

It is the responsibility of the **Board** to approve the disposal of all assets with a fair market value over \$500.00. It is the responsibility of the **District Manager** or **Fire Chief** to approve the disposal of all assets with a fair market value up to \$500.00.

It is the responsibility of the **District Manager** or **Treasurer** to ensure disposals of all District assets are documented according to this Policy.

### PRACTICES

1. The best value outcome to the District must be a major consideration when disposing of assets and the sale price of an asset, including consideration of disposal costs, must be the best market price.
2. Asset disposal decisions, and the reasons for taking them, should be documented. Not only does this assist in audit and other examinations, but it could highlight successes and problems for future reference.
3. All disposed assets must be reported on [Asset Retirement Disposal Form 806-1](#) to ensure they are removed from the District's financial records.

4. [Asset Retirement Disposal Form 806-1](#) may be supported by the following documents:
  - a. Affidavits of junking or destruction;
  - b. Donee letter acknowledging receipt of a donation;
  - c. Receipt or other proof of disposal from the recipient, auctioneer, recycler, etc.;
  - d. Trade-in form or copy of an invoice indicating a trade-in; and
  - e. Bill-of-sale (particularly motor vehicles as required by the Missouri Department of Revenue).
5. Direct selling, donating, or transferring assets to District employees should be avoided because if the proceeds of asset disposal are less than the fair market value, the District Treasurer must be notified immediately to ensure that all non de minimis fringe benefits of employment are reported as a taxable benefit for the year in which the assets were directly sold, donated, or transferred, that is, an IRS W-2 Form must be generated for the employee and the District must pay Social Security and Medicare payroll taxes.
6. Disposal of assets should be based on a fair market value for each asset where the price established for the asset is based on current market value and condition of the asset.
7. Consulting documented information sources when possible, the market value of an asset to be disposed shall be determined by the District Manager or Fire Chief, taking into consideration:
  - a. The original purchase price;
  - b. Age and condition of the asset;
  - c. An assessment of the usefulness of the asset; and
  - d. The asset's possible market value.
8. In the interests of promoting adherence to the highest principles and ideals, fair dealing and openness, assets should be sold or otherwise transferred using an open, competitive process, that is, bidding or advertised sale.

9. Special consideration, including timely disposal, should be given to disposal of assets that create risks, e.g., assets that are potentially hazardous, might pollute the environment, might create potential fraud, etc.

10. All disposed assets and all parts of disposed assets shall:

- a. Be void of all District identification, e.g., logos, the District's name, etc.; and
- b. Have any stored electronic information erased.

11. Assets should be disposed when the asset:

- a. Is visually distracting;
- b. Is required to be disposed of under a particular policy;
- c. Is no longer required due to changed methods, functions, or usage patterns;
- d. Deprives the District of monies without any offsetting benefit;
- e. Is necessitated by decisions regarding space reallocation, reconfiguration, or reuse;
- f. Uses outdated technology and requires replacement;
- g. Takes up valuable, inadequate, or expensive storage space;
- h. Will not be needed or used in the foreseeable future;
- i. Reaches its optimum selling time to maximize returns;
- j. No longer complies with recognized health and safety standards;
- k. Creates a potential fraud;
- l. Creates a hazardous condition or risk;
- m. Contains hazardous materials; and/or
- n. Is damaged beyond economical repair but able to be sold for scrap.

12. The method of asset disposal will be influenced by the nature, condition, location, and market value of the asset. Acceptable methods of disposal include:

- a. Trade-In;
- b. Auction;
- c. Direct Sale;
- d. Donation;
- e. Junking;
- f. Destroyed;
- g. Cannibalism;
- h. Recycling; or
- i. Sale by Bid.

Trade-In

Assets may be traded-in on the purchase of a new asset and details of the trade-in should be noted on the purchase order for the new asset purchased.

Sale by Auction or Direct Sale

1. If the timing and effectiveness of asset disposal by auction is not economical, disposal via direct sale should be considered, especially if:
  - a. The items have been unsuccessful at sale by bid;
  - b. The items are valued at less than disposal costs through sale by bid;
  - c. It is reasonable to believe the item will not attract a bid; or
  - d. The offer received is equivalent to what would be received through sale by bid.
2. The District may engage an agent to undertake the disposal by sale of assets.
3. When an agent is to undertake sales on behalf of the District, the agent should be advised, in a signed, written agreement, of the District's instructions relating to the sale, e.g., timeframe for the sale, target price, condition and location of assets, reserve price, agent's commission, and terms of the sale.

4. The District reserves the right to reject any auction or direct sale price.

#### Donation

1. Assets to be disposed that have no residual or significant market value and when the asset disposal is unlikely to produce offsetting revenue, the assets may be disposed by donation to a governmental or nonprofit organization.
2. Donations to organizations must be considered an “arm’s length” transfer, that is, there is no relationship between the District and the other party and neither the District nor the other party owes any special obligation to the other party, e.g., to another fire protection district; emergency services organization; educational organization; community organization; etc.
3. A nonprofit donee must provide documentation to the District that the organization is a corporation in good standing with the Missouri Secretary of State.
4. An agent of a nonprofit or governmental donee must be authorized in writing by the donee and must sign the [Donee Liability Release and Assumption of Risk Agreement Form 806-2](#).

#### Junking or Destruction

Junking (throwing away) or destroying an asset is undertaken when it is considered uneconomical to proceed with disposal by any other means. Junking or destruction of disposed assets should be witnessed by two District employees and documented by affidavit. [Asset Retirement Disposal Form 806-1](#) must detail the method by which the asset will be junked or destroyed.

#### Cannibalized

Some assets may no longer be functional and may be held for spare parts; however, [Asset Retirement Disposal Form 806-1](#) should still be completed, indicating that the asset is no longer functional and that it should be removed from the District’s financial records.

#### Reusable Components

Some unsellable assets may have reusable components and removal of reusable components should be arranged prior to the item being junked or destroyed.

Sale by Bid

1. Factors to be considered when deciding whether to offer disposed assets by bid and the method of bid include the:
  - a. Value of the asset to be disposed;
  - b. General attractiveness to the wider group of buyers; and
  - c. Prospect of increasing the net sale value compared to an alternate method of sale.
2. Two-bidding options are available:
  1. Internal bids are accepted from District employees; or
  2. Internal and external bids are accepted from the public.
3. The asset and the terms of the sale are advertised to be open for a set number of days.
4. Once bidding is closed, bids are opened, the details of the bids are documented, and a successful bidder is chosen and notified; however, the District reserves the right to reject any bid.
5. Where a member of the public and a District employee offer an equal price, the asset must be sold to a member of the public.

Terms of Sale for Disposed Assets

1. If a bid or offer is accepted, the District shall notify the Purchaser of such acceptance within five (5) days.
2. Payment for disposed assets must be made within five (5) days after notification of bid or offer acceptance and payment of disposed assets must be made with legal tender, including money orders payable to the District. Payments with personal checks are discouraged. Payments with cash:
  - a. Are discouraged; and
  - b. Shall be documented by a "cash receipt" form.

Checks, money orders, and cash must be delivered to the District Treasurer for immediate deposit.

3. The District reserves the right to withdraw from the sale any asset which has not been delivered to the Purchaser, without incurring any liability except to refund to the Purchaser any amount paid.
4. Disposed assets are offered "as is - where is", that is, the District makes no warranty, express or implied, as to the condition of the property or its fitness for any use or purpose.
5. Purchasers of disposed assets, upon acceptance of an offer or bid by the District, shall at their expense, pack, load, and remove the property under the supervision of a representative of the District within seven (7) days after notification of offer or bid acceptance by the District or proper payment has been made (at the time of removal, Purchasers must also provide proof of authorization and payment for the property).
6. The District does not assume any liability for injury or loss incurred in the inspection, removal, use or handling of disposed assets.
7. Purchasers of disposed assets shall be responsible for any damage to District property resulting from the removal of the disposed assets.
8. Purchasers of disposed assets shall be responsible for any damage to disposed assets resulting from the removal of the disposed assets.
9. If Purchasers of disposed assets do not remove their property from District property or in District facilities within seven (7) days after notification of offer or bid acceptance by the District or proper payment has been made:
  - a. The District, without prejudice to other remedies, shall cancel the sale or transfer without notice to the Purchaser and retain as liquidation damages the greater amount any deposit or ten percent (10%) of the amount paid on account of the property; and
  - b. The Purchasers shall lose all claim to and interest in the property and may be held responsible for all loss, cost, and expenses incurred by the District due to the fault of the Purchasers.
10. Purchasers must pay any applicable sales and use taxes that may be owed due to the sale of the disposed assets.
11. The District reserves the right to cancel the sale of disposed assets and limits the District's liability to a refund of the purchase price if the property is purchased on behalf of an undisclosed principal; the same shall apply if the sale of disposed assets is brought about by a bribe, gift, gratuity, or other inducement, to any official or employee of the District.

### Disposal Documentation

For substantiation, disposal of all assets must have original source documentation, such as [Asset Retirement-Disposal Form 806-1](#).

If only copies of the original source documentation are available, there should be a notation as to why the original source documentation is not available.

If original source documentation has been lost and cannot be duplicated, a signed affidavit must certify that the documentation cannot be found, and disbursement has not been made by any other source (additional corroborating documentation may be required).

Original source documentation should not be marked or highlighted because doing so may obliterate information on the documentation.

### Recordkeeping

Subject to access by the Custodian of Records, the Treasurer shall ultimately maintain and possess all disposal of asset records—whether in paper or electronic format. Disposal of asset records should allow for easy retrieval of information, especially the external auditor.

For analysis, budgeting, reporting, and auditing purposes, the Treasurer shall use a computer accounting program to track disposal of asset according to the District's [Chart of Accounts](#) established by the Financial Reporting Policy.

### Reporting

The District must report to the Centers for Medicare and Medicaid Services (CMS) or its contractor within ninety (90) days if there has been disposal of any ambulance [registered with CMS](#).

### RELATED POLICIES

Medicare Enrollment Information Policy 724

[Donations and Gifts 812](#)

[Receipts 820](#)

[Purchasing 824](#)

[Fixed Assets and Inventory 848](#)

[Purchase Cards 884848](#)

[Financial Reporting 896](#)

POLICY: **Disposal of Assets**

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RELATED STATUTES AND REGULATIONS

[RSMo §320.091](#)

[RSMo §432.070](#)

[42 CFR §424.516\(e\)](#)

[Internal Revenue Code summarized in IRS Publication 526](#)

REVISION HISTORY

Revision Date	Author	Revision Details
June 2, 2021	Monte Olsen	Initial version
June 3, 2021	Monte Olsen	Updated to discourage payment “personal checks” instead of just “checks”
July 14, 2021	Monte Olsen	Added “Financial Reporting 896” as a related policy
<a href="#">November 20, 2025</a>	<a href="#">Monte Olsen</a>	<a href="#">Added additional scoping regarding vehicles and assets acquired through a governmental surplus program or charitable donation; added Receipts 820 as a related policy; added RSMo 320.091 as a related statutes; added hyperlinks to all related policies, statutes, and forms; added “and Regulations” to “Related Statutes” Section; corrected policy number for related Purchase Cards Policy; corrected the title of the <i>Asset Disposal Form 806-1</i>; clarified ambulances within scope of the policy; added footer</a>