

EQUIPMENT DISPOSITION DECISION TREE

Federal Equipment Requirements

Step 1: Does the Item Meet the Equipment Definition?

Equipment must meet ALL three criteria:

- Unit cost of \$5,000 or more
- Useful life of more than one year
- Tangible personal property (not real estate)

NO - Does not meet all criteria	YES - Meets all criteria
Not subject to equipment disposition requirements. Dispose according to local policies.	→ Continue to Step 2

Step 2: Will You Continue Using Equipment for Grant Purpose?

YES - Continuing grant purpose use	NO - Not continuing for grant purpose
OPTION: Keep and Use Continue using equipment for original or related grant purposes. Report on SF-428.	→ Continue to Step 3

Step 3: Equipment Disposition Options

Choose one of the following options (requires funding agency approval):

OPTION A: Transfer to Another Organization

When to Use:

Transfer equipment to another eligible organization for continued grant purposes.

Requirements:

- Receiving organization must be eligible for federal awards
- Equipment must continue to be used for federal grant purposes
- Transfer must be documented in writing
- Report transfer on SF-428 with receiving organization details

Example:

Water treatment equipment transferred to neighboring rural water district for their EPA-funded water quality improvement project.

OPTION B: Sell Equipment

When to Use:

Sell equipment and reimburse federal government for its share.

Requirements:

- Sell at fair market value
- Calculate federal share to reimburse:
Federal Share = Sale Price × (Federal Share % of Original Purchase)
- Submit reimbursement with closeout package

Example:

Equipment originally cost \$10,000 (100% federal funding)

Sold for \$6,000

Federal reimbursement = \$6,000 × 100% = \$6,000

OPTION C: Retain for Other Use

When to Use:

Keep equipment for other non-federal purposes.

Requirements:

- Compensate federal government for its share
- Use fair market value to calculate payment:
Payment = Fair Market Value × (Federal Share % of Original Purchase)

Example:

Equipment fair market value: \$5,000

Original federal share: 80%

Payment to federal government = \$5,000 × 80% = \$4,000

Important Notes

⚠ CRITICAL:

You MUST obtain written approval from your funding agency BEFORE disposing of equipment.

Disposing of equipment without approval may result in audit findings and potential repayment requirements.