



DISPOSAL OF ASSETS POLICY

Mescal J6 Fire District

Policy Number: 090 (Revised)

Effective Date: July 29, 2026

Approved by: Board of Directors

PURPOSE

This policy establishes uniform procedures for the identification, declaration, and disposal of surplus, obsolete, or unnecessary assets (real property, facilities, equipment, vehicles, and personal property) owned by the Mescal J6 Fire District. The policy ensures compliance with Arizona Revised Statutes (A.R.S.), maximizes value to the District, promotes transparency, and protects public funds.

AUTHORITY

A.R.S. § 48-805(B)(18): The Board may sell or otherwise dispose of any real property, facilities, or equipment determined to be surplus.

- For real property: Requires appraisal and minimum bid thresholds (generally 75% of appraised market value, with exceptions for low-value or no-market-value property).
- For personal property/equipment (e.g., vehicles, apparatus, tools): The Board has broad authority to sell outright, trade-in, auction, or dispose by other means when surplus.
- Sales to other governmental entities may occur on advantageous terms without standard appraisal/bid requirements.
- All disposals must serve the best interests of the District and comply with public finance, procurement, and ethics laws.

DEFINITIONS

- Surplus Asset: Any District-owned asset no longer needed for current or foreseeable operations, obsolete, worn beyond economical repair, or replaced by newer assets.
- Fair Market Value (FMV): The price a willing buyer would pay a willing seller in an open market.

PROCEDURES

1. IDENTIFICATION AND RECOMMENDATION

- Department heads, Fire Chief (or designee), or Board members may recommend an asset for surplus.
- The recommending party shall document:
- Description of the asset (including inventory tag / ID if applicable).



- Reason for surplus (e.g., replaced, obsolete, uneconomical to repair).
- Estimated current condition and FMV (supported by research such as comparable sales, Blue Book values for vehicles, or vendor quotes).

2. BOARD APPROVAL

- The Board of Directors must formally declare the asset(s) surplus by resolution or motion at a public meeting.
- For low-value items (typically under thresholds set by Board policy or statute), the Fire Chief may have delegated authority for minor disposals \$5,000 or less, subject to later reporting.
- The resolution / motion shall include the method of disposal.

3. METHODS OF DISPOSAL (OUTRIGHT SALES ALLOWED)

The District may use any of the following methods, selected to maximize value and ensure fairness:

- Outright Sale (preferred for valuable equipment): Private sale, sealed bids, public auction (online or live), or negotiated sale when in the District's best interest.
- Trade-in (as part of new equipment purchase).
- Sale to another governmental entity (on advantageous terms).
- Donation (to other public agencies, nonprofits, or charities, if no reasonable sale value exists and approved by Board).
- Scrap/recycling (for items with no practical value).
- Destruction (for unsafe or unusable items).

Competitive Process Recommended: For assets with FMV greater than \$5,000, use public auction, sealed bids, or advertised sale unless the Board determines another method is clearly advantageous.

4. VALUATION AND SALE REQUIREMENTS

- Personal Property/Equipment: No mandatory appraisal, but reasonable efforts to determine FMV are required. Sales below FMV must be justified and documented.
- Real Property: Follow A.R.S. § 48-805(B)(18)(a) appraisal and bid rules.
- Proceeds from sales shall be deposited into the appropriate District fund (generally the General Fund) and reported in financial statements.

5. DOCUMENTATION AND REPORTING

Complete a Disposal of Assets Form for each transaction, including:



- Asset details.
 - Declaration of surplus.
 - Method of disposal and justification.
 - Sale price or disposition details.
 - Buyer / recipient information.
 - Signatures (Fire Chief + Board approval where required).
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- Update fixed asset inventory and accounting records promptly.
 - Report all disposals annually (or as required) to the Board and in the District's financial audit.

6. CONFLICTS OF INTEREST & ETHICS

- No District employee, Board member, or immediate family may purchase surplus assets without full Board disclosure and approval.
- All transactions must comply with the District's Conflict of Interest Policy and A.R.S. conflict statutes.

7. GRANT-FUNDED OR RESTRICTED ASSETS

- Follow any federal, state, or grantor restrictions on disposal (e.g., waiting periods, federal surplus rules).
- Document compliance.

RESPONSIBILITIES

- Fire Chief / Department Heads: Identify surplus assets, prepare recommendations, and manage day-to-day disposals within delegated authority.
- Board of Directors: Approve surplus declarations (as required), review major disposals, and ensure statutory compliance.
- Administrative Staff / Treasurer: Maintain records, deposit proceeds, and update financials.

POLICY REVIEW

This policy shall be reviewed at least every three years or as needed to reflect changes in law or District operations.

Adopted by the Mescal J6 Fire District Board of Directors

Date: July 29, 2026

Chairperson: *Dana Law*

Clerk: *Debi Wise*