As a public agency, when a public library no longer needs assets such as furniture, equipment, or other items, they are considered surplus property and must be disposed of according to the methods specified by KRS 45A.425.

To dispose of surplus property, complete the following steps:

1. Create a list of the items that are no longer needed by the library which includes a description of the item, its intended use at acquisition, why it is in the public interest to dispose of it, and the method of disposal to be used.

2. Have the Board make a motion to declare these items as surplus property.

3. Dispose of items by one of these methods:
   a. Give or sell to another government agency.
   b. Sell through public auction, including internet auction, or sealed bid (follow the bid procedure in KRS 45A.365).
   c. Give or sell to a non-profit agency operating as a 501(c)(3) that is lawfully doing business in the Commonwealth and is serving a public purpose that relates to the mission of the library (for example Friends of the Library or Literacy Center). [FAP220-20-00]
   d. If the surplus items cannot be transferred or sold by any of the above methods, they may be disposed of in any manner deemed appropriate by the library and consistent with the public interest.
   e. For computers and other equipment, it may be possible to trade-in the equipment for a discount on the purchase of replacement equipment and this would be negotiated and coordinated with the vendor.

Once the surplus items are disposed of, the library’s inventory records are updated and maintained according to the Local Government General Retention Schedule, L4997: Asset/Inventory File. The record will include a written description of the property, the method of disposal, and the amount of compensation, if there is any fee collected.

Any revenue resulting from the disposal of surplus property is transferred to the library’s general fund. These funds will be reported in the Uniform Financial Information Report (UFIR), Part II: Revenue and Cash, No. 5.: Other, (d): Sales (Include Surplus Property) which is filed annually by May 1st.

Samples of recording-keeping documents, advertisement for sale of surplus property, sample notice of auction or sealed bid, and other helpful examples are found in the User’s Guide: Surplus Property Disposal used by KY state agencies. This document is found at: http://www.finance.ky.gov/services/surplus/Documents/SurplusPropertyGuidebookFeb2011.doc
Finance & Administration Cabinet Policies & Procedures (FAP) pertaining to surplus property and disposal are online: [http://www.finance.ky.gov/services/policies/Pages/default.aspx](http://www.finance.ky.gov/services/policies/Pages/default.aspx) While the information in these documents is specific to State agencies, they contain helpful information for Kentucky public libraries.

**Quick Tips:**

♦ Libraries as local public agencies are required by law to dispose of any surplus items by methods outlined in KRS 45A.425.

♦ Methods of disposal include giving or selling items to another governmental agency, public auction, sealed bid, giving or selling to an appropriate non-profit agency that is operating as a 501(c)(3).

♦ A record documenting the disposal of the surplus property and any income from that transaction is kept on file in the library according to the *Retention Schedule*.

♦ Any revenue from the sale of surplus property is transferred to the library’s general fund account and reported in the annual UFIR.

This is not legal advice and I am not an attorney. If you feel you need legal advice you should consult an attorney.

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This *Trustee Tip of the Month* and all of the previous *Tips* are available on the KDLA Web site at: [http://kdla.ky.gov/libsupport/trustee.htm](http://kdla.ky.gov/libsupport/trustee.htm).