

**VOLUME 11A, CHAPTER 5: “DISPOSITION OF PROCEEDS FROM
DEPARTMENT OF DEFENSE SALES OF SURPLUS PERSONAL PROPERTY”**

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [March 2020](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Revised the chapter format and structure in accordance with the Department of Defense Financial Management Regulation (DoD FMR) Revision Standard Operating Procedures.	Revision
1.1	Added Overview section	Addition
Throughout	Removed regulations originating from 32 Code of Federal Regulations part 172 which was deleted in April 2020 due to the guidance being unnecessarily codified	Deletion
Throughout	Updated Federal Account Symbols and Titles (FAST) to align with FAST Book issued February 2025	Revision
Throughout	Inserted hyperlinks to DoD FMR Volumes/Chapters	Addition

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CHAPTER 5

**DISPOSITION OF PROCEEDS FROM DEPARTMENT OF DEFENSE SALES OF
SURPLUS PERSONAL PROPERTY**

1.0 GENERAL

*1.1 Overview

This chapter outlines how the Department of Defense (DoD) handles proceeds from the sale of surplus personal property. The DoD must deposit net proceeds from sales into the U.S. Department of the Treasury (Treasury) as miscellaneous receipts, after deducting the expenses of the sale. Legal exceptions allow the DoD to credit proceeds to specific appropriations or funds, such as those from sales of supplies, materials, equipment, and other personal property not financed by stock funds, revolving funds, and non-appropriated fund property. These exceptions also apply to contractor sales of surplus government property, sales of recyclable material on military installations, and the disposal of lost, abandoned, and unclaimed privately-owned personal property.

1.2 Purpose

This chapter provides the policy for the collection and disposition of cash and cash equivalents received by DoD Components for the sale of surplus personal property.

1.3 Authoritative Guidance

The financial management policy and related requirements prescribed in this chapter are in accordance with the applicable provisions of the following sources, and apply to all proceeds resulting from sales of surplus personal property:

1.3.1. Title 10, United States Code, section 2210 ([10 U.S.C. § 2210](#)), “Proceeds of Sales of Supplies: Credit to Appropriations”

1.3.2. [10 U.S.C. § 2605](#), “Acceptance of gifts for defense dependents’ schools.”

1.3.3. [10 U.S.C. § 2608](#), “Acceptance of contributions for defense programs, projects, and activities; Defense Cooperation Account.”

1.3.4. [10 U.S.C. § 2575](#), “Disposition of unclaimed property.”

1.3.5. [10 U.S.C. § 2577](#), “Disposal of recyclable materials.”

1.3.6. [22 U.S.C. § 2355\(d\)](#), “Retention and use of certain items and funds.”

1.3.7. [22 U.S.C. § 2761](#), “Sales from stocks.”

- 1.3.8. [22 U.S.C. § 2795](#), “Fund.”
- 1.3.9. [40 U.S.C. § 571](#), “General rules for deposit and use of proceeds.”
- 1.3.10. [40 U.S.C. § 574](#), “Other rules regarding proceeds.”
- 1.3.11. Title 32, Code of Federal Regulations, section 273 ([32 CFR § 273](#)), “Defense Materiel Disposition.”
- 1.3.12. [41 C.F.R. § 102-38](#), “Sale of Personal Property.”
- 1.3.13. Federal Account Symbols and Titles ([FAST Book Part I](#)), “Agency Identifier Codes.”
- 1.3.14. Treasury Financial Manual ([TFM Volume 1, Part 2, Chapter 1500](#)), “New Account Establishment, Updating Accounts, and Description of Accounts Relating to Financial Operations.”
- 1.3.15. Defense Federal Acquisition Regulation ([DFARS subpart 245.602-70](#)), “Plant clearance procedures.”
- 1.3.16. , [DFARS subpart 245.604](#), “Sale of surplus personal property.”
- 1.3.17. DoD Instruction ([DoDI 4715.23](#)), “Integrated Recycling and Solid Waste Management.”
- 1.3.18. DoD Manual ([DoDM 4160.21, Volume 1](#)), “Defense Materiel Disposition: Disposal Guidance and Procedures.”

2.0 POLICY

2.1 General Rules for Deposit and Use of Proceeds

2.1.1. According to 40 U.S.C. § 571, agencies must deposit net proceeds from sales of surplus property into the Treasury as miscellaneous receipts unless a law authorizes a deposit into an alternate appropriation. The law also requires that agencies pay the expenses of selling old material, condemned stores, supplies, and other public property from the proceeds of the sale, ensuring that only the net proceeds are deposited in the Treasury, or any other applicable appropriation authorized by law.

2.1.2. Under 10 U.S.C. § 2210, a working capital fund responsible for the disposal of property may retain proceeds from disposals that are necessary to recover the expenses incurred in disposing of that property. Therefore, the Defense Logistics Agency (DLA) Disposition Services will retain amounts sufficient to offset all expenses incurred in the disposition of excess/surplus personal property from the proceeds of sales of such property (see Table 5-1).

2.2 Legal Exceptions to the General Rules

The following authorizations permit the crediting of the proceeds of the sale to appropriations and/or funds of the Department. Additional guidance on specific types of exceptions is in Table 5-2.

2.2.1. Supplies, Material, Equipment, and Other Personal Property Not Financed by Stock Funds. In accordance with 10 U.S.C. § 2210, the DoD may credit the net proceeds from the sale or disposal of surplus property, after recovering necessary expenses, to current applicable appropriations. Therefore, any proceeds that remain after recovering disposal expenses will be credited to the current applicable appropriations of the Department (i.e., the appropriation currently available for purchasing such property).

2.2.2. Revolving Fund and Non-Appropriated Fund Property. In accordance with 40 U.S.C. § 574, when property is acquired with amounts either (a) not appropriated from the general fund of the Treasury; or (b) appropriated from the general fund of the Treasury but by law reimbursable from assessment, tax, or other revenue or receipts, the net proceeds of such a disposition or transfer of the property must be:

2.2.2.1. Credited to the applicable reimbursable fund or appropriation; or

2.2.2.2. Paid to the federal agency that determined the property to be excess.

2.2.3. Contractor Sales of Surplus Government Property in the Possession of Contractors. The DFARS subpart 245.60, implements 40 U.S.C. § 574(c) and provides overall direction for crediting proceeds from contractor-conducted sales of surplus government property in the possession of contractors.

2.2.4. Sales of Recyclable Material on Military Installations. The DoD or DLA Disposition Services distribute the proceeds from direct sales of installation-qualified recycling programs (QRP) on military installations, as outlined in 10 U.S.C. § 2577 and DoDI 4715.23.

2.2.4.1. The Director of DLA and DLA Disposition Services (under the Under Secretary of Defense for Acquisition and Sustainment) must establish procedures and controls to ensure that when installations consign recyclable materials for disposal to DLA Disposition Services on behalf of a qualified recycling program, they return 100 percent of any proceeds, minus the costs of sales and handling, to the installations in accordance with established accounting procedures.

2.2.4.2. Agencies must establish an accounting and control system for recycling programs that provides detailed management and audit information, tracks the quantity of material handled, calculates sales and handling costs for recycled material, and monitors expenditures made for appropriate projects and Morale, Welfare and Recreation (MWR) programs. The integrity of the audit trail must be prioritized.

2.2.4.3. If a military installation has a QRP (as determined by the Secretary of the Military Department concerned or the Secretary of Defense) and a balance remains available after such funds are credited, then the installation may use no more than 50 percent of that balance for projects focused on pollution abatement, pollution prevention, energy conservation, alternative-fueled vehicle infrastructure support, and occupational safety and health activities. According to 10 U.S.C. § 2577, the project cannot exceed 50 percent of the amount established by law as the maximum for a minor construction project.

2.2.4.4. DoD Components must promptly deposit and record all recycling proceeds in the United States Standard General Ledger account 426600, which provides direct budgetary authority on line 1800 of the Standard Form (SF) 132, Apportionment and Reapportionment Schedule, and SF 133, Report on Budget Execution and Budgetary Resources. They must obligate and disburse from the designated Treasury Account Symbol only for the purposes specifically authorized in 10 U.S.C. § 2577. The use of suspense accounts is prohibited, and any remaining balances must be transferred to the designated Treasury account.

2.2.4.5. A military installation may transfer the remaining balance available to its non-appropriated morale and welfare account for any morale or welfare activity. If the balance exceeds \$10 million at the end of any fiscal year, the installation must deposit the excess amount into the Treasury as miscellaneous receipts.

2.2.5. Lost, Abandoned and Unclaimed Privately-Owned Personal Property. The DoD may dispose of lost, abandoned, or unclaimed personal property after it has made diligent efforts to find the owner or the owner's heirs, next of kin, or legal representative, as prescribed by 10 U.S.C. § 2575.

2.2.5.1. When **military installations** find lost, abandoned, or unclaimed personal property, they must credit the net proceeds from the sale of the property to the operation and maintenance account of that installation and use it:

2.2.5.1.1. To reimburse the installation for any costs incurred by the installation to collect, transport, store, protect, or sell the property; and

2.2.5.1.2. To the extent that the amount of the proceeds exceeds the amount necessary for reimbursing all such costs, to support MWR activities under the jurisdiction of the armed forces at such installation.

2.2.5.2. **Military** installations must deposit the net proceeds from the sale of all other lost, abandoned, and unclaimed privately-owned personal property into the Proceeds of Sales of Lost, Abandoned, or Unclaimed Personal Property (_X6001). After five years, **military installations** must transfer any unclaimed net proceeds from _X6001 to Forfeitures of Unclaimed Money and Property (_1060).

2.2.5.3. The owner(s) of personal property disposed of as described in this section may file a claim with the Secretary of Defense for an amount equal to the proceeds minus the costs

incurred by the installation to collect, transport, store, protect, or sell the property. They must file the claim within five years of the disposal date of the property.

2.2.5.3.1. To pay claims for property found on military installations, the installations must draw the amounts from their MWR account, into which the proceeds were deposited.

2.2.5.3.2. For all other property, amounts to pay the claim must be from the Proceeds of Sales of Lost, Abandoned, or Unclaimed Personal Property account (_X6001).

2.2.5.4. See Tables 5-1 and 5-2 to identify, by type of surplus property, the collection and disposition of proceeds from the sale of surplus property.

3.0 COLLECTION AND DISPOSITION OF BID DEPOSITS

3.1 Collection of Bid Deposits [Collected Under the Card Acquiring Service](#)

DoD Components establish policies governing acceptance under the [Card Acquiring Service](#). These instances have transaction limits. Further guidance is contained within [Volume 5, Chapter 11](#), “Electronic Commerce and Deposit of Public Funds.” The Office of the Under Secretary of Defense (Comptroller) announces changes or additions to approved credit or debit cards in memoranda or through changes to the TFM. Treasury covers any fees normally charged to sellers, except for equipment and communication costs.

3.2 Disposition of Bid Deposits

If the sale requires a bid deposit, a DoD Component must initially deposit cash collected from bidders into account 097X6501, “Small Escrow Amounts,” until a successful bidder is determined and a contract is awarded.

Table 5-1. Costs Associated with Disposal and Sale of Surplus Personal Property

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
1. All property types turned over to DLA Disposition Services for disposal. Authority: 10 U.S.C. § 2210	DLA Disposition Services may retain the proceeds from the disposals of property necessary to recover the expenses incurred in disposing of that property. They must deposit these proceeds into the DLA Disposition Services working capital fund (097X4930.005) to offset costs.

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>1. Scrap and usable personal property purchased with working capital funds and turned in by working capital fund activities to the DLA Disposition Services.</p> <p>Authority: 10 U.S.C. § 2577</p>	<p>The applicable working capital fund will receive the net proceeds.</p>
<p>2. Working capital fund supply management excess inventory items turned in to DLA Disposition Services.</p> <p>Authority: 40 U.S.C. § 574</p>	<p>The applicable working capital fund will receive the net proceeds.</p>
<p>3. Property (equipment) purchased with funds from the Surcharge Collections, Sales of Commissary Stores trust fund account to include property downgraded to scrap at turn-in, such as shopping carts, shelving units, and similar material. Scrap material, such as cardboard, is not reimbursable under this rule.</p> <p>Authority: 40 U.S.C. § 574</p>	<p>The net proceeds must be deposited into 097X8164, "Surcharge Collections, Sales of Commissary Stores, Defense Commissary Agency."</p>
<p>4. Bones, fats, and meat trimmings generated by a commissary store.</p> <p>Authority: 40 U.S.C. § 574</p>	<p>The net proceeds must be deposited into 097X4930.004, "Defense Working Capital Fund, Defense Commissary Agency."</p>
<p>5. Non-appropriated fund instrumentalities' property, excluding garbage suitable for animal consumption, which they dispose of under a multiple-pickup contract.</p> <p>Authority: 40 U.S.C. § 574</p>	<p>The applicable non-appropriated fund instrumentality must receive the net proceeds.</p>

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property (Continued)

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>6. Lost, abandoned or unclaimed privately-owned personal property turned in to the DLA Disposition Services.</p> <p>Authority: 10 U.S.C. § 2575</p>	<p>On military installations, the operation and maintenance account must be credited with the net proceeds to reimburse for: 1) any costs incurred to collect, transport, store, protect, or sell the property, and 2) the amount necessary to cover all such costs that support MWR activities under the jurisdiction of the armed forces at that installation. The installation can transfer any remaining proceeds to the non-appropriated MWR account. For all others, the installation must deposit the net proceeds into the “Proceeds of Sales of Lost, Abandoned or Unclaimed Personal Property” account (_X6001). After five years, the installation must transfer any unclaimed net proceeds from X6001 to the “Forfeitures of Unclaimed Money and Property” account (_1060).</p>
<p>7. Property owned by a country (other than the United States) or international organization. (For more details, see Volume 15, Chapter 2, “Finance.”)</p>	<p>The applicable foreign country or international organization must receive the net proceeds.</p>
<p>8. Security Assistance Property</p> <p>a. Military Assistance Program and Foreign Military Financing (FMF) property returned to the U.S. Government by a recipient country or international organization as no longer needed for the purpose for which furnished. (For more details, see Volume 15, Chapter 1, “General Information” & Chapter 4, “Cash Management.”)</p> <p>Authority: 22 U.S.C. § 2355(d)</p>	<p>The “FMF Program, Funds Appropriated to the President” account (011_1082) must receive net proceeds.</p>
<p>b. Special Defense Acquisition Fund (SDAF) property.</p> <p>Authority: 22 U.S.C. § 2795</p>	<p>The “SDAF, Funds Appropriated to the President” account (011X4116) must receive net proceeds.</p>
<p>c. Security Assistance Office property purchased with Foreign Military Sales (FMS) Trust Fund funds.</p> <p>Authority: 22 U.S.C. § 2761</p>	<p>The “Advances, FMS, Funds Appropriated to the President” account (011X8242) must receive net proceeds.</p>

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property (Continued)

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>d. Property purchased with FMS Contract Administration Services (CAS) funds.</p> <p>Authority: 22 U.S.C. § 2761</p>	<p>The FMS Trust Fund CAS account (011X8242) must receive net proceeds.</p>
<p>9. Recyclable material.</p> <p>Authority: 10 U.S.C. § 2577</p>	<p>The net proceeds must be credited to funds available for operations and maintenance at that installation in amounts sufficient to cover the cost of operations, maintenance, and overhead for processing recyclable materials at the installation (including the cost of any equipment purchased for recycling purposes).</p>
<p>10. U.S. Government property in the possession of contractors sold by contractors or DoD selling activities.</p> <p>Authority: 40 U.S.C. § 574(c)</p>	<p>The contract may credit the net proceeds to its price or cost or apply them in accordance with its terms. Otherwise, net proceeds must be deposited into the applicable Component's working capital fund (097X4930) (in the case of inventory purchased with working capital funds) or deposited into the "Sale of Scrap and Salvage Materials, Defense" account (097_2651) (in the case of items not purchased with working capital funds).</p>
<p>11. U.S. Army Corps of Engineers property under the physical control of the U.S. Army Corps of Engineers at the time of sale. (For more details, see Volume 4, Chapter 11, "Component Debt.")</p> <p>Authority: OMB Circular A-11, section 20.11(e) and TFM Volume 1, Part 2, Chapter 1500</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds and transfer them to the U.S. Army Corps of Engineers using the Intra-Governmental Payment and Collection (IPAC) System.</p>
<p>12. Automatic data processing equipment owned by the General Services Administration (GSA) and leased to a DoD Component.</p> <p>Authority: OMB Circular A-11, section 20.11(e) and TFM Volume 1, Part 2, Chapter 1500</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds and transfer them to GSA using the IPAC System.</p>

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property (Continued)

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>13. U.S. Coast Guard property under the physical control of the U.S. Coast Guard at the time of sale.</p> <p>Authority: OMB Circular A-11, section 20.11(e) and TFM Volume 1, Part 2, Chapter 1500</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds and transfer them to the U.S. Coast Guard using the IPAC System.</p>
<p>14. General Gifts – Gifts and bequests of property made on the condition that it be used for the benefit of, or in connection with the establishment, operation, or maintenance of a school, hospital, library, museum, cemetery, or other institution, or organization under the jurisdiction of the Secretary. (For more details, see Volume 12, Chapter 30 “Operation and Use of General Gift Funds.”)</p> <p>Authority: 10 U.S.C. § 2601</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds as applicable:</p> <p>097X8163.001 - Department of Defense General Gift Fund, 021X8927.001 - Department of the Army General Gift Fund, 017X8716.001 - Department of the Navy General Gift Fund, or 057X8928.001 - Department of the Air Force General Gift Fund.</p>
<p>15. Gifts for wounded warriors – Gifts and bequests of property made on the condition that it be used for the benefit of (A) members of the armed forces, including members performing full-time National Guard duty, who incur a wound, injury, or illness while in the line of duty; (B) civilian employees of DoD who incur a wound, injury, or illness while in the line of duty; (C) dependents of such members or employees; and (D) survivors of such members or employees who are killed. (For more details, see Volume 12, Chapter 30)</p> <p>Authority: 10 U.S.C. § 2601</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds as applicable:</p> <p>097X8163.001 - Department of Defense General Gift Fund 021X8927.001 - Department of the Army General Gift Fund, 017X8716.001 - Department of the Navy General Gift Fund, or 057X8928.001 - Department of the Air Force General Gift Fund.</p>

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property (Continued)

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>16. Gifts for Defense Dependents Education System - Any gift (including any gift of an interest in real property) that is to be used in connection with the operation and/or administration of the DoD dependent's education system. (For more details, see Volume 12, Chapter 30)</p> <p>Authority: 10 U.S.C. § 2605</p>	<p>The "DoD Dependent's Education Gift Fund" Account (097X8096) must receive net proceeds.</p>
<p>17. Any contribution of money, real property, or personal property made by any person, business, foreign government, or international organization for use by the DoD. (For more details, see Volume 12, Chapter 3 "Contributions for Defense Programs, Projects, and Activities.")</p> <p>Authority: 10 U.S.C. § 2608</p>	<p>The "Defense Cooperation Account" (5187.001) must receive net proceeds.</p>
<p>18. Supplies, material, equipment, and other personal property personal (to include demilitarized/scrapped end items) turned in by DoD Components. (For more details, see Volume 12, Chapter 14 "Transferring, Disposing, and Leasing of Real Property and Personal Property.")</p> <p>Authority: 10 U.S.C. § 2210</p>	<p>The current applicable DoD appropriation (i.e., the appropriation currently available for the purchase of such items) must receive net proceeds.</p>
<p>19. The DoD and other federal government activities turn in all other personal property, including demilitarized and scrapped end items, when the law does not provide for the disposition of the proceeds. (For more details, see Volume 12, Chapter 14)</p> <p>Authority: 40 U.S.C. § 571</p>	<p>The Miscellaneous Receipts account (097_2651) must receive net proceeds.</p>