

1 **Great Falls School District**

2
3 **FINANCIAL MANAGEMENT**

7230

4
5 **OPI Federal Property Management**

6
7 Equipment and Supplies

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9 “Equipment” means tangible, nonexpendable, personal property having a useful life of more than
10 one year and an acquisition cost of \$5,000 (see “leases” on the next page) or more per unit. A
11 grantee may use its own definition of equipment if such definition would include at least all
12 equipment defined above.

13
14 School districts must capitalize “equipment,” which means the District must record the equipment
15 on its fixed asset records and include the cost on its financial statements in the Fixed Asset Account
16 Group. Equipment purchases are recorded using a 7XXX expenditure object code.

17
18 Use of Federally Purchased Property

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20 Sub-grantees may not use equipment purchased with federal funds to earn income in a way that
21 poses unfair competition to private companies.

22
23 Management Requirements

24
25 At a minimum, sub-grantees must meet these requirements for managing equipment purchased in
26 whole OR IN PART with federal funds:

- 27 1. Maintain property records that include
- 28 a. Description of property,
 - 29 b. Serial number or other identifying number,
 - 30 c. Source of funds used to purchase the item,
 - 31 d. Who holds title,
 - 32 e. Date of acquisition,
 - 33 f. Cost,
 - 34 g. Percentage of cost paid using federal funds,
 - 35 h. Location,
 - 36 i. Use and condition of property, and
 - 37 j. Disposition data, including date of disposal and sale price:
- 38 2. Take a physical inventory and reconcile the counts with the records at least every two years.
- 39 3. Maintain a control system which safeguards against theft, loss, or damage of property.
40 Investigate any loss, theft, or damage.
- 41 4. Maintain the property in good condition: and
- 42 5. If authorized to sell the property, get the highest return possible.
- 43

1 Preapproval Required for Purchase of Equipment

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3 Recipients of federal awards must obtain pre-approval from OPI to purchase equipment using
4 program funds. To request pre-approval, either: 1.) list the equipment items on the project budget
5 form when applying for the grant: or 2) submit an Annual Budget and Program Modification
6 Request for State and Federal programs form. The OPI's approval must be received in writing
7 before equipment items may be purchased using federal funds.
8

9 Leases

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11 Lease-purchase agreements for equipment must also be pre-approved in each project year in which
12 federal award funds will be used to pay installments on the lease.
13

14 Title to Equipment Purchased with Federal Funds

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16 Generally, when a recipient purchases equipment using federal funds, title to the property vests
17 with the entity. The Migrant Education Program, however, retains title to any equipment purchased
18 with federal funds. The OPI may relocate property purchased by one recipient to a migrant program
19 administered by another recipient if they determine the equipment is needed elsewhere.
20

21 The sub-grantee should also make the equipment available for use on other projects, as long as
22 that use does not interfere with use of the equipment by the program for which it was purchased.
23 User fees may be charged when equipment is used by other projects. User fees are considered
24 "program income." Specific guidance concerning Title I, Part A, is available by request from The
25 OPI title I specialists in this area.
26

27 Disposal of Property

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29 When original or replacement equipment purchased with federal funds under a grant or sub-grant
30 administered by OPI is no longer needed for the original project or for any project currently or
31 previously supported with federal funds, equipment may be retained, sold, or otherwise disposed
32 of with no further obligation to the federal government. Inventory records must be amended to
33 reflect the disposal.
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35 Items of equipment purchased with federal funds under programs NOT administered by the OPI
36 are subject to provisions of those grantor agencies. Contact the grantor for further information.
37

38 School Districts Subject to State Law on Disposal of Property

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40 School districts must also advertise the intent to sell or otherwise dispose of property in accordance
41 with Section 20-6-603, MCA, before disposing of property, including property purchased with
42 federal funds.
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Using Items as "Trade-In"

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2 When buying replacement equipment, the equipment purchased with federal funds may be used as
3 a trade-in, or equipment may be sold and proceeds used to offset the cost of replacement property.

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5 Cross References:

6 Policy 7510 Capitalization Policy for Fixed Assets
7 Policy 7500 Inventory Procedures Guidelines

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9 Legal References:

10 20-6-603 MCA Trustees' Authority

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12 Policy History:

13 Adopted On: June 10, 2019

14 Revised On:

15 Reviewed On: