

ATTACHMENT B
CITY OF MCKINNEY

**GRANT-FUNDED CAPITAL AND CONTROLLED ASSET EQUIPMENT
INVENTORY
POLICIES AND PROCEDURES**

PURPOSE:

State and Federal agencies define which goods are equipment and how they shall be inventoried. Any item that meets the definition of “capital asset” or is considered a “controlled asset” must be maintained. The purpose of this document is to record and describe those procedures and policies for inventorying grant-funded capital and controlled assets.

DEFINITIONS:

Capital Asset - means tangible or intangible assets, with a value of \$5,000 or more, used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

(a) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases.
(2 CFR 200.12). *Please contact the HCD department for disposition instructions.*

Controlled Asset– is an asset with a per-unit cost of \$500.00 to \$4,999.99. The definition of equipment and list of controlled items are as follows:

- Sound Systems and Other Audio Equipment
- Camera – Portable – Digital, SLR
- TVs. Video Players/Recorders
- Computer, Desktop
- Data Projectors
- Smartphones Tablets, & Other Hand Held Devices
- Laptop Computers
- Mobile and Portable Radios

Please contact the HCD department for disposition instructions

Equipment – means tangible personal property (including information technology systems) having a useful life of more than one year, and a per-unit acquisition cost of less than \$5,000.

(2 CFR 200.33)

Federally Controlled Equipment - equipment that have significant utility for state, local, tribal, territorial, and private sector grant recipients. Recipients may continue to acquire controlled equipment through federal assistance programs. However, because of the nature of the equipment and the potential impact on communities, additional controls will be imposed on the acquisition, use, and transfer of this equipment. Examples include: Manned Aircraft and Armored Vehicles.

GAAP – has the meaning specified in accounting standards issued by the Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). (2 CFR 200.49)

Recipient - means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include sub-recipients (2 CFR 200.86)

SOURCE OF PURCHASE:

Grant-funded items or equipment which is controlled and maintained at the City of McKinney may come from various grant-funded sources, or purchased by different departments.

PURCHASING GRANT FUNDED ITEMS (ACQUISITION):

Upon purchasing an item, that department must provide specific information about the item or equipment. The Housing and Community Development (HCD) department will provide a form (see “*INVENTORY WORKSHEET - ACQUISITION*”) to collect the following necessary information:

- Description – provide a brief description of the equipment (e.g. portable radio)
- Serial Number – this may be the manufacture’s serial number, model number, Federal stock number, national stock number, or other identification number
- Source of the property (including the FAIN) – The source of the property and the FAIN are two separate elements. The Federal Award Identification Number may be found on your Statement of Grant Award. The source of the property would be the project title or seven-digit grant number.
- Title ownership - Typically, this will be the agency. For example, the “City of McKinney” would be the title holder. An individual person would not be the title holder even if the property was issued to them.
- Acquisition date - this is the date that the property was received by the agency.
- Cost of the property - This should be the total cost of the property (i.e. what the jurisdiction paid for the item), not just the amount paid by the sub-grant.

- Percent of federal participation - Enter the percent of the cost of the property that the sub-grant funds covered. For example, if the total cost of the property was \$100,000 and a federal grant paid for \$50,000, the percent of federal participation would be 50%. If multiple federal grants paid for the entire cost of the equipment, you would enter 100%.
- Location - The location should be detailed enough so that the person conducting a physical inventory of the equipment knows where to look for the item (e.g. Patrol unit #512; ABC County Courthouse room 302; XYZ Tower Site; etc.) Collin County or McKinney PD would not be sufficient for location.
- Use - Provide a description of how the item is actually being used. This may be a brief phrase that should reflect the grantee's understanding that the use of the equipment may be restricted by the grant funds used to purchase it. For example, the "use" description for a vehicle purchased for emergency response of the Emergency Management team might be "emergency response", the "use" for a computer purchased for the Emergency Operations Center might be "intelligence and information sharing", or "emergency search and rescue", or the "use" for radios might be "emergency communications" rather than just "communications."
- Condition - Enter the general condition of the property. In general, the following categories, or something similar, would be appropriate.
 - o Excellent. Property that is in new condition or unused condition and can be used immediately without modifications or repairs.
 - o Good/Usable. Property which shows some wear, but can be used without significant repair.
 - o Poor/Repairable. Property which is unusable in its current condition but can be economically repaired.
 - o Salvage. Property which has value in excess of its basic material content, but repair or rehabilitation is impractical and/or uneconomical.
 - o Scrap. Property which has no value except for its basic material content.

All grant-funded capital assets, or controlled equipment - should be tagged or marked. Contact the Housing and Community Development (HCD) department for tagging instructions. Tags contain the following information

- Grantee name
- Inventory number
- Funding source (i.e. U.S. Department of Homeland Security "DHS")

Each item must be assigned a unique inventory number and previously assigned numbers should not be reused. Tag inventory numbers must be reflected as a column in the master inventory listing and must correspond with the asset data. Tags should be visible and easily accessible during the inventory. Tagging or marking is considered acceptable when it can be removed only intentionally or through

considerable effort. If the item is too small to be tagged, the tag may be placed on the item's storage container. Equipment is added to the central inventory database, and tagged (barcode label). (See: *Inventory Grant Funded Items – Barcode Tracking*).

DISPOSAL OF GRANT-FUNDED ITEMS (DISPOSITION)

For grant-funded capital items or controlled assets that are no longer needed, which will be disposed of sold, or transferred, the Disposition or Transfer request form should be completed and submitted to the Housing and Community Development department. (See *"INVENTORY WORKSHEET – DISPOSITION,"* or *"INVENTORY WORKSHEET – TRANSFER"*). The worksheet should contain the method and date of disposal or transfer (e.g. transferred to ABC County 3/17/16; sold and proceeds used to offset cost of replacement equipment 5/1/14; etc.) and fair market value or sale price. A disposition or transfer form for equipment or controlled assets that are less than five (5) years old regardless of market value, must be submitted. After fair market value has been evaluated for a capital asset, or controlled equipment – if deemed less than \$5,000 – contact HCD Grants Staff; if fair market value of a capital asset or controlled equipment exceeds \$5,000, contact the grant funder for disposition procedures. For equipment that is not controlled asset, and is valued under \$5,000, no further action needs to be taken.

EQUIPMENT MANAGEMENT RECORDS DATABASE:

Equipment tracking must be managed pursuant to the requirements outlined in 2 CFR 200.313 (d). Any item that meets the definition of "equipment" (2 CFR 200.33), or is considered a "capital asset, or "controlled asset" must be maintained in records (inventory). The Housing and Community Development department will be responsible for entering and maintaining a database on all capital assets and controlled equipment. As physical inventories are regularly (every 2 years) conducted and equipment is removed from use, appropriate entries in the inventory database shall be made. This shall include such entries as date of last inventory, changes in location of the equipment, and annotating *"disposed, obsolete, auction"* in the Use/Disposition Data, or Notes field to identify disposed equipment. If known, the disposal date, method, and price (if applicable) shall also be entered.

REGULATIONS:

Code of Federal Regulations

www.ecfr.gov

2 CFR 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

2 CFR 200.12 Capital Assets

2 CFR 200.33 Equipment

Updated 1/2/20

y:// HCD/Grants/Grants Policies and Procedures/City of McKinney – Equipment Inventory Guidelines

2 CFR 200.86 Recipient

2 CFR 200.313 (d) Equipment Inventory

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y:// HCD/Grants/Grants Policies and Procedures/City of McKinney – Equipment Inventory Guidelines