

## SAMPLE POLICY FOR PROPERTY MANAGEMENT RELATED TO THE EXPENDITURE OF AMERICAN RESCUE PLAN ACT (ARPA) FUNDS BY SUBRECIPIENTS

**WHEREAS** the [ORGANIZATION], has received a Subrecipient Grant from the American Rescue Plan Act of 2021 (ARPA) Coronavirus Capital Projects Fund; and

**WHEREAS** the funds may be used for projects within these categories, to the extent authorized by state law.

To fund critical capital projects that enable work, education, and health monitoring in response to the public health emergency. These funds are addressing many challenges laid bare by the pandemic, especially in rural America, Tribal communities, and low- and moderate-income communities, helping to ensure that all communities have access to the high-quality modern infrastructure, including broadband, needed to access critical services; and

**WHEREAS** the ARPA are subject to the provisions of the federal Uniform Grant Guidance, 2 CFR Sect. 200 (UG), as provided in the Assistance Listing; and

- **WHEREAS** the [Capital Projects Fund Compliance and Reporting Guidance for States, Territories, and Freely Associated States](#) provides, in relevant part:

**Equipment and Real Property Management.** Any purchase of equipment or real property with ARPA CPF funds must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D. Equipment and real property acquired under this program must be used for the originally authorized purpose. Consistent with 2 CFR 200.311 and 2 CFR 200.313, any equipment or real property acquired using SLFRF funds shall vest in the non-Federal entity. Any acquisition and maintenance of equipment or real property must also be in compliance with relevant laws and regulations.

**WHEREAS** Subpart D of the UG dictates title, use, management, and disposal of real property, equipment, and supplies acquired in whole or in part with ARPA funds;

**BE IT RESOLVED** that the governing board of [ORGANIZATION] hereby adopts and enacts the following UG Property Management Policy for the expenditure of ARPA funds.

# Property Standards for Real Property, Equipment, and Supplies Acquired with AMERICAN RESCUE PLAN ACT (ARPA) FUNDS BY SUBRECIPIENTS

## I. POLICY OVERVIEW

[Title 2 U.S. Code of Federal Regulations Part 200](#), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly called Uniform Guidance (UG), specifically Subpart D, details post award requirements related to property management of property acquired or updated, in whole or in part, with funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARPA).

2 CFR 200.311 through 2 CFR 200.316 detail property standards related to the expenditure of ARP/CLSFRF funds. The [ORGANIZATION] shall adhere to all applicable property standards, as detailed below.

## II. DEFINITIONS

The following definitions from 2 CFR 200.1 apply in this policy.

**Computing devices:** machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. See also the definitions of supplies and information technology systems in this section.

**Equipment:** tangible [personal property](#) (including information technology systems) having a useful life of more than one year and a per-unit [acquisition cost](#) which equals or exceeds the lesser of the capitalization level established by the [Subrecipient] for financial statement purposes, or \$5,000. See also the definitions of *capital assets*, *computing devices*, *general purpose equipment*, *information technology systems*, *special purpose equipment*, and *supplies* in this section.

**Information technology systems:** computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. See also the definitions of computing devices and equipment in this section.

**Intangible property:** property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

**Personal property:** property other than [real property](#). It may be tangible, having physical existence, or intangible.

**Property:** [real property](#) or [personal property](#).

**Real property:** land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

**Supplies:** all tangible [personal property](#) other than those described in the definition of equipment in this section. A computing device is a supply if the [acquisition cost](#) is less than the lesser of the capitalization level established by the local government for financial statement purposes or \$5,000, regardless of the length of its useful life. See also the definitions of computing devices and equipment in this section.

### III. REAL PROPERTY

**Title to Real Property:** Title to real property acquired or improved with ARPA funds vests with the [Subrecipient]. 2 CFR 200.311(a).

**Use of Real Property:** Real property acquired or improved with ARPA funds must be used for the originally authorized purpose as long as needed for that purpose, during which time the [Subrecipient] must not dispose of or encumber its title or other interests. 2 CFR 200.311(b).

**Insurance of Real Property:** The [Subrecipient] must provide the equivalent insurance coverage for real property acquired or improved with ARPA funds as provided to property owned by the [Subrecipient]. 2 CFR 200.310.

**Disposition of Real Property:** When the [Subrecipient] no longer needs real property purchased with ARPA for ARPA purposes, the [Subrecipient] must obtain disposition instructions from US Treasury. The instructions must provide for one of the following alternatives:

1. The [Subrecipient] retains title after compensating US Treasury. The amount paid to US Treasury will be computed by applying US Treasury's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where the [Subrecipient] is disposing of real property acquired or improved with ARPA funds and acquiring replacement real property under the ARPA, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.
2. The [Subrecipient] sells the property and compensates US Treasury. The amount due to US Treasury will be calculated by applying US Treasury's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the ARPA award has not been closed out, the net proceeds from sale may be offset against the original cost of the property. When the [Subrecipient] is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.
3. The [Subrecipient] transfers title to US Treasury or to a third party designated/approved by US Treasury. The [Subrecipient] is entitled to be paid an amount calculated by applying the [Subrecipient]'s percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property. 2 CFR 200.311(c).

#### IV. EQUIPMENT

**Title to Equipment:** Title to equipment acquired or improved with ARPA funds vests with the [Subrecipient]. 2 CFR 200.313(a).

**Use of Equipment:** The [Subrecipient] must use equipment acquired with ARPA funds for the project for which it was acquired as long as needed, whether or not the project continues to be supported by the ARPA award, and the [Subrecipient] must not encumber the property without prior approval of US Treasury. 2 CFR 200.313(a)(1)-(2).

When no longer needed for the original project, the equipment may be used in other activities supported by a Federal awarding agency, in the following order of priority:

1. Activities under a Federal award from the Federal awarding agency which funded the original project, then
2. Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems. 2 CFR 200.313(c)(1).

During the time that equipment is used on the project for which it was acquired, the [Subrecipient] must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the project for which it was originally acquired. First preference for other use must be given to other programs or projects supported by US Treasury and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate. 2 CFR 200.313(c)(2).

**Noncompetition:** The [Subrecipient] must not use equipment acquired with the ARPA funds to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment. 2 CFR 200.313(c)(3).

**Replacement Equipment:** When acquiring replacement equipment, the [Subrecipient] may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property. 2 CFR 200.313(c)(4).

**Management of Equipment:** The [Subrecipient] will manage equipment (including replacement equipment) acquired in whole or in part with ARPA funds according to the following requirements.

1. The [Subrecipient] will maintain sufficient records that include
  - a) a description of the property,
  - b) a serial number or other identification number,
  - c) the source of funding for the property (including the Federal Award Identification Number (FAIN)),
  - d) who holds title,
  - e) the acquisition date,
  - f) cost of the property,

- g) percentage of Federal participation in the project costs for the Federal award under which the property was acquired,
  - h) the location, use and condition of the property, and
  - i) any ultimate disposition data including the date of disposal and sale price of the property.
2. The [Subrecipient] will conduct a physical inventory of the property and reconcile results with its property records at least once every two years.
3. The [Subrecipient] will develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft will be investigated by the [Subrecipient].
4. The [Subrecipient] will develop and implement adequate maintenance procedures to keep the property in good condition.
5. If the [Subrecipient] is authorized or required to sell the property, it will establish proper sales procedures to ensure the highest possible return, in accordance with state and federal law.

**Insurance of Equipment:** The [Subrecipient] must provide the equivalent insurance coverage for equipment acquired or improved with ARPA funds as provided to property owned by the [Subrecipient]. 2 CFR 200.310.

**Disposition of Equipment:** When the equipment is no longer needed for its original ARPA purpose, the [Subrecipient] may either make the equipment available for use in other activities funded by a Federal agency, with priority given to activities funded by US Treasury, dispose of the equipment according to instructions from US Treasury, or follow the procedures below. 2 CFR 200.313(e).

1. Equipment with a per-item fair market value of less than \$5,000 may be retained, sold or transferred by the [Subrecipient], in accordance with state law, with no additional responsibility to US Treasury;
2. If no disposal instructions are received from US Treasury, equipment with a per-item fair market value of greater than \$5,000 may be retained or sold by the [Subrecipient]. The [Subrecipient] must establish proper sales procedures, in accordance with state law, to ensure the highest possible return. The [Subrecipient] must reimburse US Treasury for its federal share. Specifically, US Treasury is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the ARPA funding percentage of participation in the cost of the original purchase. If the equipment is sold, US Treasury may permit the [Subrecipient] to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
3. Equipment may be transferred to US Treasury or to a third-party designated by US Treasury in return for compensation to the [Subrecipient] for its attributable

compensation for its attributable percentage of the current fair market value of the property.

#### V. SUPPLIES

**Title to Supplies.** Title to supplies acquired with ARPA funds vests with the [Subrecipient] upon acquisition. 2 CFR 200.314(a).

**Use and Disposition of Supplies:** If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the ARPA project and the supplies are not needed for any other Federal award, the [Subrecipient] must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment. 2 CFR 200.314(a).

**Noncompetition.** As long as the Federal Government retains an interest in the supplies, the [Subrecipient] must not use supplies acquired under the ARPA to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute. 2 CFR 200.314(b).

#### VI. PROPERTY TRUST RELATIONSHIP

Real property, equipment, and intangible property, that are acquired or improved with ARPA funds must be held in trust by the [Subrecipient] as trustee for the beneficiaries of the project or program under which the property was acquired or improved. US Treasury may require the [Subrecipient] to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property. 2 CFR 200.316.

#### VII. IMPLEMENTATION OF POLICY

[NAME OF RESPONSIBLE PERSONEL HERE] shall adopt procedures to track all real property, equipment, and supplies (collectively, property) acquired or improved in whole or in part with ARP/CLSFRF funds. At a minimum, those procedures must address the following:

- Ensure proper insurance of property
- Document proper use of property
- Working with [NAME OF FINANCE PERSONNEL HERE], record and maintain required data records for equipment
- Conduct periodic inventories of equipment, at least every two years
- Create processes for replacement and disposition of property
- Establish other internal controls to safeguard and properly maintain property