

FEDERAL FUND EXPENDITURES & INVENTORY REQUIREMENTS**Definition**

- *Equipment* means 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 District for financial statement purposes, or \$5,000.

Federal Expenditure Requirements

Federal funds, including federal competitive grant expenditure requirements are as follows:

1. Funds expended as they are intended;
2. Funds are expended within the appropriate performance period;
3. Expenditures are coded to the appropriate fiscal line items;
4. Expenditures are an allowable use of federal funds;
5. Expenditures align with what has been approved on the District's consolidated application or most recent contract amendment;
6. Financial line items are identical to what the District has on file in the State Federal Title Programs office; and
7. Amounts for contracted services must be evidenced by an actual contract on file with the District.

Equipment Inventory Requirements

Districts that expend federal funds on equipment are required to maintain an equipment inventory system. Any equipment purchased over \$750 and all computer equipment¹ (printers, iPads, white boards, etc.), regardless of the cost, must be tracked on an inventory system. The inventory must include at a minimum:

1. Description of the equipment;
2. Serial number or other identification number;
3. Purchase date;
4. Cost of equipment;
5. Percentage of federal participation in cost of equipment;
6. Location of the equipment;
7. Ultimate disposition data of the property, including the disposal date and sale price of the equipment.

A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.

¹ If purchasing a computer hard drive for \$550 and a monitor for \$250, the cost of both would fall under equipment.

A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

Adequate maintenance procedures must be developed to keep property in good condition.

For the purposes of equipment inventory, the District may choose to manage and track equipment purchased in whole or part using federal funds separately from equipment purchased using local or State funds.

Professional and Technical Service Requirements

When federal funds are used to purchase professional and/or technical services from a person or company, districts must assure that amounts for these services are evidenced by an actual contract on file with the District. Contracts for services should be handled in accordance with the District's purchasing policy.

End of Lone Tree School District #6 Exhibit HBAA-AR1.....02/22