

Gail Borden Public Library District Property Policy

The Gail Borden Public Library District (GBPLD) complies with all applicable federal property standards for grant funded projects including [2 CFR Part 200 Subpart D](#), which details post award requirements related to the management of property acquired or updated, in whole or in part, with funds from federal awards. GBPLD also complies with the Public Library District Act 1991,75 ILCS 16/30-55.30 & 55.32 and applicable state regulations related to property.

Definitions

- **Personal property:** Property other than real property. It may be tangible, having physical existence, or intangible.
- **Real property:** Land, including land improvements, structures and appurtenances thereto, and legal interests in land, including fee interest, licenses, rights of way, and easements. Real property excludes moveable machinery and equipment.
- **Equipment:** Tangible personal property (including IT systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000.
- **Supply:** All tangible personal property that is not considered equipment. A computing device is a supply if the acquisition cost is below the lesser of the capitalization level established by GBPLD for financial statement purposes or \$5,000, regardless of the length of its useful life.
- **General purpose equipment:** Equipment that is not limited to research, medical, scientific, or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.
- **Special purpose equipment:** Equipment which is used only for research, medical, scientific, or other similar technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, spectrometers, and associated software. Special purpose equipment must be identified in property records.
- **Intangible property:** Property having no physical existence, such as trademarks, copyrights, data (including data licenses), websites, IP licenses, trade secrets, patents, patent applications, and property, such as loans, notes and other debt instruments, lease agreements, stocks and other instruments of property ownership of either tangible or intangible property such as intellectual property, software, or software subscriptions or licenses.
- **Capital assets:** Tangible or intangible assets used in operations having a useful life of more than one year and a per unit cost of that equals or exceeds \$5,000.
- **Federally-funded property:** Property purchased partially or wholly with funds from a federal award. Title to federally-funded property may vest in GBPLD or in the federal government depending on the terms and conditions of the award.
- **Federally-owned property:** Property purchased with federal funds for which the federal government holds title.

Property Trust Relationship

GBPLD has a responsibility to protect and utilize property acquired or improved with a federal award for the beneficiaries of the program which received the federal award. GBPLD must use, manage, and dispose of federally-funded property according to the terms and conditions of the award and federal guidance contained in [2 CFR 200.310-316](#). GBPLD must use property purchased or improved with federal funds for authorized purposes during the period of performance, or until the property is no longer needed for the purposes of the project.

Supplies

Title to supplies acquired under a federal award will vest upon acquisition in GBPLD. Supplies purchased with federal funds should not be used by non-federal programs. As long as the federal government retains an interest in the supplies, GBPLD must not use supplies acquired under a federal award 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.

If at the completion of a project or program there is a residual inventory of unused supplies exceeding \$10,000 in aggregate and the supplies are not needed for another federal award, GBPLD must compensate the federal government for its share according to [2 CFR 200.313\(e\)](#) unless otherwise instructed by the federal awarding agency.

Equipment

Title to equipment acquired under a federal award will vest upon acquisition in GBPLD subject to the following conditions. GBPLD must:

- Use equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project,
- Not encumber the property without approval of the federal awarding agency or pass-through entity, and
- Use, manage, and dispose of the property in accordance with [2 CFR 200.313](#).

During the time that equipment is used on the project or program for which it was acquired, GBPLD 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 projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the agency that financed the equipment 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 may also be permissible. User fees should be considered if appropriate.

GBPLD must not use equipment acquired with the federal award 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.

All equipment that is transferred, stolen, scrapped, traded in, etc., must be reported to the Administration office on the Equipment/Furniture Disposal Form. The disposal of items purchased with grant funds must adhere to requirements of the grant.

When acquiring replacement equipment, GBPLD 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. If GBPLD is authorized or required to sell federally-funded property, sales procedures will be established to ensure the highest possible return. The value of personal property shall be determined by its current resale value. GBPLD will maintain sufficient documentation to support its valuation of property.

When equipment acquired under a federal award is no longer needed for the original project, program, or for other activities currently or previously supported by a federal agency, GBPLD must request disposition instructions from the federal agency or pass-through entity if required by the terms and conditions of the federal award. Disposition of equipment will be made as follows, in accordance with federal agency or pass-through entity disposition instructions:

- Equipment with a current fair market value of \$10,000 or less (per unit) may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency or pass-through entity.
- Except as provided in [2 CFR 200.312\(b\)](#), or if the federal agency or pass-through entity fails to provide requested disposition instructions within 120 days, items of equipment with a current fair market value in excess of \$10,000 (per-unit) may be retained or sold by GBPLD. However, the federal agency is entitled to an amount calculated by multiplying the percentage of the federal agency's contribution towards the original purchase by the current market value or proceeds from the sale. If the equipment is sold, the federal agency or pass-through entity may permit GBPLD to retain, from the federal share, \$1,000 of the proceeds to cover expenses associated with the selling and handling of the equipment.
- If GBPLD transfers title to the property to the federal government or to an eligible third party, GBPLD is entitled to compensation for its attributable percentage of the current fair market value of the property.

Real Property

Title to real property acquired or improved under an award will vest upon acquisition in GBPLD. Except as otherwise provided by federal statutes or by the federal awarding agency, real property will be used for the originally authorized purpose as long as needed for that purpose, during which time GBPLD must not dispose of or encumber its title or other interests. When real property is no longer needed for the originally authorized purpose, GBPLD must obtain disposition instructions from the federal awarding agency or pass-through entity and adhere to the requirements contained in [2 CFR 200.311](#) and the Public Library District Act 1991, 75 ILCS 16/30-55.30 and 16/30-55.32.

Federally-Owned and Exempt Property

Title to federally-owned property remains vested in the federal government. GBPLD must submit annually an inventory listing of federally-owned property in its custody to the federal awarding agency. Upon completion of the federal award or when the property is no longer needed, GBPLD

must report the property to the federal awarding agency for further federal agency utilization or disposal.

Exempt property means property acquired under a federal award where the federal awarding agency has chosen to vest title to the property to GBPLD without further responsibility to the federal government, based upon the terms of the federal award. Absent statutory authority and specific terms and conditions of the federal award, title to exempt property acquired under the federal award remains with the federal government.

Intangible Property

GBPLD manages federally-funded intangible property in compliance with [2 CFR 200.315](#). Title to intangible property acquired under a federal award vests upon acquisition in GBPLD. GBPLD must use that property for the originally-authorized purpose, and must not encumber the property without approval of the federal awarding agency. When no longer needed for the originally authorized purpose, disposition of intangible property will occur in accordance with the provisions in [2 CFR 200.313\(e\)](#).

GBPLD may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a federal award. The federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work/data for federal purposes, and to authorize others to do so. GBPLD is subject to applicable regulations governing patents and inventions, including government-wide regulations issued by the Department of Commerce at [37 CFR part 401](#), “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements.” GBPLD must provide research data relating to published research findings produced under a federal award and that were used by the federal government in developing an agency action that has the force and effect of law if requested by the federal agency in response to a Freedom of Information Act (FOIA) request.

Capital assets

GBPLD will ensure capital asset transactions are properly accumulated, classified, and recorded in the accounting records. GBPLD defines capital assets as those assets with an individual cost of more than \$5,000 and with a useful life of at least one year. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software), whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

Capital assets do not include intangible right-to-use assets (per GASB) and right-to-use operating lease assets (per FASB). For example, assets capitalized that recognize a lessee's right to control the use of property or equipment for a period of time under a lease contract. The cost of a capital asset may include additional costs needed to bring an asset into a condition and location necessary for intended use, such as delivery fees, installation costs, and other similar costs. GBPLD records capital assets at historical cost or estimated historical cost in the library's financial records. Capital assets received as donations are reported at their estimated fair market value at the time of donation. Maintenance and repairs that do not improve or extend the lives of capital assets are charged to appropriate expense accounts when incurred.

Depreciation of federally-funded property must follow the requirements outlined in [2 CFR 200.436](#). GBPLD may be compensated for the use of its buildings, capital improvements, equipment, and software projects capitalized in accordance with Generally Accepted Accounting Principles (GAAP) provided that they are needed and used in GBPLD activities and correctly allocated to federal awards. The compensation must be made by computing the proper depreciation.

The computation of depreciation must be based on the acquisition cost of the assets involved or the fair market value at the time of the donation for donated assets. Donated assets may be depreciated or claimed as cost sharing but not both. When computing depreciation charges, the acquisition cost will exclude:

- The cost of land.
- Any portion of the cost of buildings and equipment borne by or donated by the federal government, irrespective of where the title was originally vested or is presently located.
- Any portion of the cost of buildings and equipment contributed by or for GBPLD that is already claimed as cost sharing or where law or agreement prohibits recovery; and
- Any asset acquired solely for the performance of a non-federal award.

When computing depreciation charges, the following must be observed:

- The period of useful service or useful life established in each case for usable capital assets must take into consideration such factors as the type of construction, nature of the equipment, technological developments in the particular area, historical data, and the renewal and replacement policies followed for the individual items or classes of assets involved.
- The depreciation method used to charge the cost of an asset (or group of assets) to accounting periods must reflect the pattern of consumption of the asset during its useful life. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight-line method must be presumed to be the appropriate method. Once used, depreciation methods may not be changed unless approved in advance by the cognizant agency for indirect costs. The depreciation methods used to calculate the depreciation amounts for indirect cost rate purposes must be the same methods used by GBPLD for its financial statements.

- The entire building, including the shell and all components, may be treated as a single asset and depreciated over a single useful life. A building may also be divided into multiple components. Each component may be depreciated over its estimated useful life in this case. The building components must be grouped into three general components: building shell (including construction and design costs), building services systems (for example, elevators, HVAC, and plumbing system), and fixed equipment (for example, sterilizers, casework, fume hoods, cold rooms, and glassware/washers). A cognizant agency for indirect costs may authorize GBPLD to use more than these three groupings in exceptional cases.
- No depreciation may be allowed on assets that have outlived their depreciable lives.
- Where the depreciation method is introduced to replace the use allowance method, depreciation must be computed as if the asset had been depreciated over its entire life (meaning, from the date the asset was acquired and ready for use to the date of disposal or withdrawal from service). The total amount of use allowance and depreciation for an asset (including imputed depreciation applicable to periods before the conversion from the use allowance method and depreciation after the conversion) may not exceed the total acquisition cost of the asset.

GBPLD depreciates capital assets over their estimated useful lives using the straight-line method of depreciation with half year in the first year and useful lives of between 7-40 years (as appropriate). Land is not depreciated. Adequate records must support and track depreciation charges. Annual physical inventories ensure that the assets exist and are usable, used, and needed.

Property Records, Inventory, and Identification

Property having a minimum value of \$100 and a life expectancy of over one year will be recorded in the GBPLD inventory. It is the responsibility of the Division Chief of that library division purchasing the property to notify the Administration of any purchase or disposal of property. The Division Chief will provide Administration with the necessary information regarding the purchase of the equipment using the attached Equipment/Furniture Purchase/Lease Form. Administration will enter into inventory, assign an ID number to all equipment and engrave it with the ID number and GBPL. Federally owned property must be identified as such. The following information will be maintained in property records:

- Property Type
- Manufacture's name
- Make
- Model Number
- Serial number or another identification number
- Location where property will be kept
- Title holder
- Lease information (if applicable)
- Date of purchase/disposal
- If disposal, method of disposal
- Value at time of disposal/sale price

- Final meter read and date (if applicable)
- Division Chief submitting
- Source of funding- grant, donation, etc. including Federal Award Identification Number (FAIN) if purchased with federal funds
- Acquisition cost and invoice number
- The percentage of the federal agency contribution towards the original purchase
- Name of person to whom the equipment has been assigned
- Description of property
- Description of the use for the property
- Whether an item of equipment is general or special purpose
- Description of the condition of the property
- Vendor (name, full address, phone number)
- Any comments

Administration will conduct a physical inventory of the GBPLD property annually and reconcile to property records to verify accuracy. A complete inventory will be provided to the library insurance carrier annually. GBPLD will provide annually an inventory listing of all federally-owned property in its custody to the federal awarding agency.

Protection of Property

GBPLD implements safeguards to prevent loss, damage, or theft of property. Safeguards include:

- Security cameras providing real-time surveillance through a central monitoring facility.
- Employees lock doors when leaving offices/buildings.
- Security service/guards all hours the library operates.
- Buildings are equipped with alarm systems.

GBPLD investigates any loss, damage, or theft of property. A Theft Report or an Incident Report must be filed with the Administration office whenever an employee has knowledge or reason to believe that any property is lost, stolen, damaged, or destroyed. A written report or police report (in the case of theft or vandalism) will be obtained by the Manager of Administrative Services for records. The loss, theft, and damage of federally owned property in GBPLD custody will be promptly reported to the federal agency by the Chief Operating Officer, Library Services.

Insurance Coverage

Insurance coverage will be based on an assessment of the needs of GBPLD. GBPLD provides insurance coverage to property purchased with award funds at an equivalent level to property purchased with non-federal funds. Federally-owned property is generally self-insured and will not need additional insurance unless required by the terms and conditions of the federal award.

Maintenance

GBPLD is also responsible for ensuring adequate maintenance of property. The person to whom the personal property is assigned will review the manufacturers' maintenance recommendations and establish a schedule of preventative maintenance, as applicable, for property. Adequate

maintenance procedures must be implemented to keep equipment in good working condition. The Division Chief of each library division is responsible for overseeing the maintenance of property assigned to their division and ensuring it meets manufacturer and GBPLD standards.

Responsibilities

- Supervisors will ensure that all personnel under the employee’s supervision are informed of property control policies and procedures and that the policies and procedures are followed within the department.
- The Chief Operating Officer is responsible for ensuring that personnel who are using equipment acquired under federal awards understand and adhere to its conditions for use.
- The Division Chiefs are to notify the Administration when a capital asset is purchased and received. The Division Chiefs will also notify the Administration when a capital asset is no longer useful.
- The Administration is to record and track the assets according to GBPLD policy and federal and state regulations. This includes obtaining necessary supporting documentation to record the asset information on the capital asset listing. Information recorded should include the asset description, date of acquisition, location, department, cost (or fair value if donated), salvage value, and estimated useful life.
- The Finance Department is responsible for ensuring an annual inventory of assets and reconciling annually the listing of capital assets with the assets account balance(s) recorded in the accounting system (general ledger).
- Director of Security is responsible for investigating any reports of property theft, loss or damage.
- The Chief Operating Officer will determine the disposition of personal property having a unit resale value of \$1,000 or less, through sale or donation in compliance with the Public Library District Act 1991, 75 ILCS 16/30-55.30 and 16/30-55.32, [2 CFR Part 200](#), and this policy.
- The GBPLD Board of Trustees will determine the disposition of any real or personal property owned by GBPLD, having a unit current resale value of more than \$1,000 in compliance with the Public Library District Act 1991, 75 ILCS 16/30-55.30 and 16/30-55.32, [2 CFR Part 200](#), and this policy.

Review of this Policy

In the interests of maintaining best practice, the contents of this policy will be reviewed by the GBPLD Board of Trustees on an annual basis.

Appendices

Equipment/Furniture Purchase or Lease Form
 Equipment/Furniture Disposal Form
 Theft Report
 Incident Report

Board Approved 6/26