The Alliance of Rouge Communities (ARC) does not own any real property or equipment. However, in the event any real property or equipment is procured with ARC funds or with grant funds from the U.S. Environmental Protection Agency (EPA), or other federal agencies, the following rules will apply and be maintained by the Executive Director.

**INSURANCE**

The ARC will acquire insurance coverage for all real property and for equipment whose purchase price exceeds $5,000. In the event the ARC uses federal funds to purchase any type of property, insurance coverage will be equal to what the ARC has for its own property.

**ACQUISITION OF REAL PROPERTY**

The ARC does not own any real property and does not anticipate owning any real property. However, if in the future the ARC purchases property with federal funds it will:

- Have the title for the property,
- Will not encumber the property without approval of the federal funding agency, and
- Will get written approval from the federal funding agency to use the real property in other federally-sponsored projects or in programs that are consistent with those supported by the federal funding agency, once it is determined that the property is no longer needed for the original project.

**USE OF FEDERALLY-OWNED AND EXEMPT PROPERTY**

If the ARC uses federally-owned property in any contract with the EPA or another federal agency, the following principles will be followed:

- Title to federally-owned property remains vested in the Federal Government;
- An annual inventory of federally-owned property in the ARC’s custody will be sent to the property management staff of the federal funding agency;
- Upon completion of the contract or when the property is no longer needed, the ARC will report the property to the property management staff of the federal funding agency for further utilization; and
- If the federal funding agency has no further need for the property, it shall be declared excess and reported to the General Services Administration.

If the ARC uses exempt property in its contract with a federal agency:

- The federal agency can choose to give the ARC title to property acquired with Federal funds without further obligation, when allowed by law; and
- If the federal agency doesn't establish conditions, the ARC will have the title upon acquisition without further obligation.
CAPITAL EQUIPMENT ACQUISITION AND MANAGEMENT

The ARC Purchasing Policy will be followed for acquisition of equipment with ARC funds. All costs associated with making assets serviceable are capitalized. Invoices substantiating the acquisition cost of each unit of property shall be retained for a minimum of three years. The ARC will maintain records for tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. The records will be maintained by ARC Staff and include the:

- Equipment description;
- Tagged with serial number, model number, or other identification number;
- Source of the equipment, including federal award identification number;
- Title holder;
- Identification as Federally-owned, if applicable;
- Acquisition date (or date received) and historical cost as of the date acquired including installation charges and freight;
- Information to calculate percentage of Federal participation in cost, if applicable;
- Location and condition of the equipment and date reported;
- Unit acquisition cost; and
- Ultimate disposition data, including date of disposal and sales price or method used to determine fair market value.

The ARC will take a physical inventory that is reconciled with equipment records every two years with any differences investigated to determine the causes. The inventory will include verification of the existence, current utilization, and continued need for all equipment. The ARC will establish an equipment control system to insure safeguards to prevent loss, damage, or theft. Any loss, damage, or theft of equipment will be investigated and fully documented and if owned by the Federal Government, notification will be provided to the federal funding agency. The ARC will employ proper maintenance procedures to keep the equipment in good condition.

If the ARC acquires equipment with federal funds, it will:

- Not use the equipment to provide services for a fee less than that charged for equal services while the Federal Government has an interest in the equipment, unless authorized.
- Use the equipment for the applicable project or program as long as needed, even if the project or program is no longer supported by Federal funds.
- Make the equipment available for other projects or programs during the original project or program, if it will not interfere with work on the original project or program. Give first priority to activities sponsored by the federal funding agency, then to activities sponsored by other Federal agencies.
- Use the equipment for other federally-sponsored activities if the equipment is no longer needed for the original project or program. Give first priority to activities sponsored by the federal funding agency, then to activities sponsored by other Federal agencies.
- Use equipment owned by the Federal Government for activities not sponsored by the Federal Government, if authorized by the federal funding agency. Any user charges will be treated as program income.
- Use the equipment as trade-in or sell it and use the proceeds to offset the costs of replacement, if approved by the federal funding agency.

Equipment with an economic useful life of 12 months or less are expensed for financial statement purposes, regardless of the acquisition or production cost. Equipment acquired with external support becomes the property of the organization unless restricted by the funding organization.
The organization will obtain prior approval from the awarding agency prior to purchasing capital equipment.

**INTANGIBLE PROPERTY**

The ARC may copyright any work that is subject to copyright. For ARC-copyrighted work that is developed under a contract with a federal funding agency, that agency can reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so. The ARC will follow any applicable regulations for patents and inventions.

If a Freedom of Information Act (FOIA) request is made to the federal agency that is funding work of the ARC, the ARC will provide research data within a reasonable amount of time for the federal funding agency to respond to the FOIA request.

The ARC will retain title to intangible property and debt instruments. For such property acquired using federal funds, the ARC will use that property for the originally-authorized purpose, and will not encumber the property without approval of the federal funding agency.

**PROPERTY TRUST RELATIONSHIP FOR FEDERALLY-FUNDED REAL PROPERTY**

The ARC will record liens, deed restrictions, or other appropriate notices of record to show that real property has been acquired with Federal funds and that use and disposition conditions apply to the property. In the event property is improved with ARC funds or federal funds, the ARC will file notices of record as deemed appropriate by the ARC and in accordance with federal requirements.

**PROPERTY DISPOSITION**

**Real Property**

If the property exceeds $5,000 and was purchased with federal funds and is no longer needed, the ARC will request disposition instructions from the appropriate federal agency to:

- The Executive Committee is notified prior to the disposal of an asset purchased with federal funds.
- Keep the title without further obligation after the Federal Government is compensated for its share of the current fair market value of the property;
- Sell the property under guidelines provided by the Federal Government and pay the Federal Government for its share of the current fair market value of the property (after deducting reasonable selling and fix-up expenses, if any, from the sales proceeds); or
- Transfer title to the Federal Government or an eligible third party after being compensated for the ARC’s share of the current fair market value of the property.

**Equipment**

When equipment purchased by the ARC becomes obsolete or is no longer needed, it will be sold or otherwise disposed of properly. The current per-unit fair market value will be determined for each item prior to disposal. If the item is to be sold, the highest possible return will be sought, and sales procedures to provide for competition will be used where beneficial. All disposals will be recorded on the ARC equipment inventory.

For equipment purchased with federal funds that has a current per unit fair market value of $5,000 or more at the time of desired disposition, the federal funding agency will be contacted regarding disposition. One of the following disposal methods will be utilized in such cases:

- The equipment will be kept for other uses after compensation to the funding agency for the Federal share of the current fair market value of the equipment;
• The equipment will be sold, and the difference between the sales proceeds and the Federal share of the original project or program will be reimbursed to the funding agency. This is the default action if the ARC hasn’t received disposition instructions from the funding agency within 120 calendar days after request. A deduction of $500 or ten percent of the proceeds, whichever is less, will be applied from the Federal share for selling and handling expenses.

• Ship the equipment elsewhere after federal reimbursement for the ARC share of the current fair market value of the equipment, plus reasonable shipping or interim storage costs.

• Otherwise dispose of the equipment after federal reimbursement for any costs incurred.

• Transfer the equipment title to the Federal Government or to an eligible third party if the equipment was identified in the federal contract or otherwise made known to the ARC in writing.

Supplies and other expendable property
If the ARC has unused supplies less than $5,000 they can be retained by the ARC. If the ARC has unused supplies worth more than $5,000 when a federally-sponsored project or program is over and the supplies are not needed for any other federally-sponsored project or program, the ARC can either keep the supplies or sell them, but the ARC will compensate the Federal Government for its share.

The ARC will not use supplies acquired with Federal funds to provide services to non-Federal organizations for a fee less than that charged for equivalent services if the Federal Government retains an interest in the supplies, unless authorized.