

Real Property  
Here and Now

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Region 3 Fiscal Forum

# OMB Circulars

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- Revised May 10, 2004
- Consistency among Circulars
- Changes
  - A-87, Attachment B, Item 15
  - A-122, Attachment B, Item 15
  - A-21, Section J, Item 18
- Capital assets charged in the year of acquisition

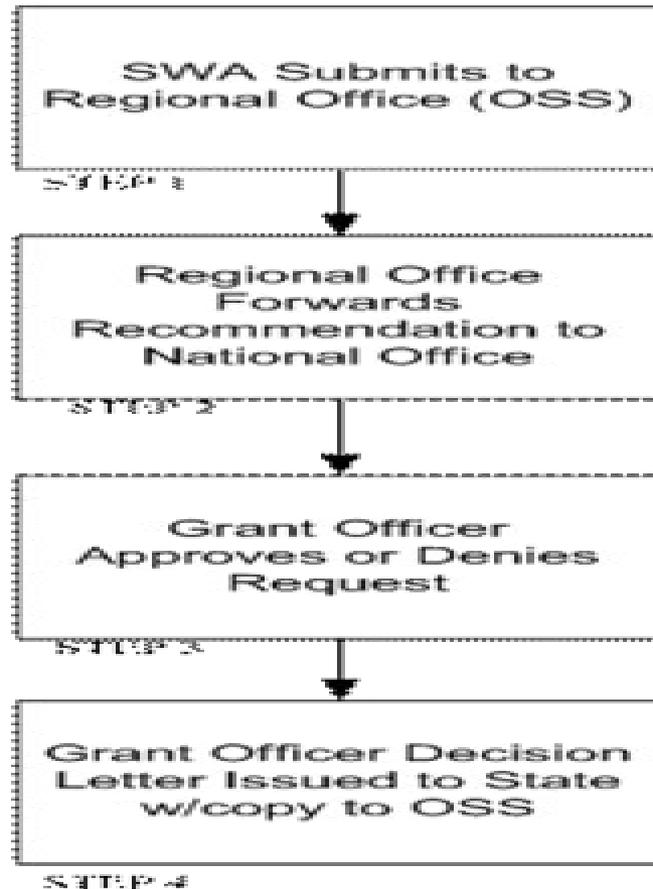
# [ Impact of Change ]

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- Amortization is not an option
  - Without specific waiver from Grant Officer
- Applicability to new acquisitions
- Applicability to current agreements
- Repayment of Reed Act funds

# State Workforce Agency (SWA) Amortization Waiver Process

## State Workforce Agency (SWA) Request



# [TEGL 07-04]

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- Issued October 20, 2004
- Applies to both SWA and WIA real property
- Addresses procedures and accounting for use of buildings with Federal equity
- Requires action by SWA and WIA
  - Compliance with requirements by 12/31/04

# [ Allowable Premises Costs ]

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- Represent cost of occupying space
- Do not require prior approval
- Depreciation or use allowances
  - Excludes cost of land
- Allocable interest costs
- Operation & maintenance costs (O&M)

# [ Ownership Issues ]

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- Equity arrangements
- Capital leases vs. amortization
- Disposition requirements
  - Uniform administrative requirements
  - Including use of proceeds for both UI and WP programs

# Disposition of Real Property

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- Request Disposition Instructions
- Three Viable Alternatives
  - Retention of Title
  - Sale of Property
  - Transfer of Title

# [ Replacement Property ]

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- New property to replace existing property
- Expanding or enlarging existing property
- Capital improvements on existing property

# [ One-Stop Occupancy by Partners ]

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- One-Stop system occupancies under WIA Section 193 (a)
- Cost-free occupancy not permitted
- Amortization vs. Allowable Premises Costs
- Capital lease issues
- Fully amortized buildings

# WIA-funded Capital Improvements

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- Repairs, renovations and alterations
- OMB Circular A-87, Attachment B
  - Current operating costs
  - Maintenance, operations and repairs
  - Renovations & other capital improvements
- Allowable costs

# [ Prior Approval Requirements ]

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- SWAs must obtain prior approval
  - Acquisitions of real property
  - Capital expenditures
  - W-P, UI or TAA funds
- Improvements to leaseholds
  - Allowable if conditions met
  - \$100,000 threshold for prior approval

# [ ACTION Required ]

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- Review amortization arrangements
  - Update amortization schedules
  - Request exceptions as needed
- Examine real property procedures and update for compliance with TEGL
- Update real property records
  - Costs of land, buildings, etc.
  - Fund sources used for acquisition

[ Questions???

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