



## POLICY AND PROCEDURE MANUAL

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|--|---|------------------------------------|---------------------------------------|
| SUBJECT<br>Capitalization and Fixed Asset Description                                  | ACCOUNTABILITY  | Effective Date:<br>10/01/21        | Pages: 2                              |
| REQUIRED BY<br>2 CFR, Part 200<br>Governmental Accounting Standard Bulletin (GASB) 34  | The Northern Michigan Specialty Supports and Services Contract with the State of Michigan | Last Review Date:                  | Past Review Date:                     |
| Policy: <input checked="" type="checkbox"/><br><br>Procedure: <input type="checkbox"/> | Review Cycle: Annual<br><br>Author: CFO   | Responsible Department:<br>Finance | Reviewers:<br>Internal Operations/CEO |

### Definitions

**Equipment:** Durable items having a useful life of more than one year.

**Fixed Assets:** Durable items costing \$5,000 or more, having a useful life of more than one year, and are depreciated.

**Michigan Department of Health and Human Services (MDHHS):** The principal department of the state of Michigan, headquartered in Lansing, that provides public assistance, child and family welfare services, and oversees health policy and management.

**Northern Michigan Regional Entity (NMRE):** The PIHP for Region 2, the 21-counties located in Michigan's northern lower peninsula.

### Purpose

The purpose of this policy is to ensure that the Northern Michigan Regional Entity (NMRE) follows regulatory requirements when accounting for fixed assets and recording depreciation

### Policy

It is the policy of the NMRE to record depreciation expense as outlined in Governmental Accounting Standards Board (GASB) 34 and in accordance with the fixed Asset Depreciation Schedule outlined in this policy.

- All equipment purchased with agency funds is the property of the NMRE.
- A fixed asset inventory record will be maintained for any item purchased or donated with an original cost, or if donated an assessed value at the time of acquisition, of \$5,000 or greater.
- Limited personal use of NMRE equipment is subject to guidelines approved by the Chief Executive Officer.
- Depreciation will be expensed in accordance with GASB 34 and other pertinent accounting standards for all fixed assets.
- The NMRE will dispose of all equipment that is no longer useful to its operations. Methods of disposal may include trade-in, transfer to another governmental agency, or other methods that are consistent with agency values. Equipment that is no longer in usable condition will be scrapped. The NMRE will ensure that all Protected Health Information (PHI) is removed prior to disposal and follow Michigan Department of Health and Human Services (MDHHS) contractual guidelines related to equipment disposition.

#### Fixed Asset Depreciation Schedule

- Computer Equipment and Software: 3 years
- Office Equipment and Furniture: 5 years
- Building Improvements: 20 years
- Buildings: 30 years

#### Approval Signature



NMRE Chief Executive Officer

10/01/21

Date