

Section: Business and Support Operations

Section Number: 3.6.7

Subject: Depreciation

Date of Present Issue: 06/15/10

Date of Previous Issues:
07/89, 06/00, 06/02

POLICY:

All University fixed assets (building, land improvements and movable equipment) costing \$2,500 or more, with an expected useful life of three years or more, will be depreciated in accordance with generally accepted accounting practices.

PROCEDURE

<u>WHO</u>	<u>DOES WHAT</u>
Inventory Control	<ol style="list-style-type: none">1. Approves purchase requisitions dealing with fixed assets.2. Maintains inventory records of all buildings, land improvements, infrastructure, and equipment costing \$2,500 or more with three years or more expected useful life.3. Maintains inventory records, records of the original cost, accumulated depreciation and current book value of each fixed asset owned by the University.4. Retains assets that are fully depreciated in the inventory records until they are disposed of with a book value of zero.5. All fixed assets, excluding buildings, will be depreciated using the American Hospital Association reference guide "Estimated Useful Lives of Depreciable Hospital Assets."6. Buildings will be depreciated using the following practices that are both compliant with generally accepted accounting principles and comparable with other Michigan universities' depreciation policies:<ul style="list-style-type: none">Newly constructed academic and administrative buildings- 60 yearsNewly constructed resident buildings- 50 yearsCompletely renovated academic and administration buildings- 50 yearsAll other buildings- 40 years