



## Ohio Administrative Code

### Rule 5101:9-4-10 Capital asset reimbursement methods for county family services agencies (CFSA) and Workforce Innovation and Opportunity Act (WIOA) areas.

Effective: July 11, 2021

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#### (A) Definitions:

(1) "Acquisition" means the cost of a capital asset that includes the cost to ready the asset for its intended use.

#### (2) "Capital Asset" means:

(a) An acquisition that has a useful life of more than one year and the purchase price that equals or exceeds the lesser of the capitalization level threshold established at the local level or five thousand dollars; and

#### (b) Tangible or intangible assets used in operations; capital assets include:

(i) Land, buildings (facilities), equipment, and intellectual property, including software, whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and

(ii) Additions, improvements, modifications, replacements, rearrangements, installations, renovations or alterations to capital assets that materially increase their value or useful life, not ordinary repairs and maintenance.

(3) "Capitalization" means the acquisition cost of a capital asset that is expensed over the useful life of the asset by means of depreciation.

(4) "Depreciation" means the method of expensing the acquisition cost of a capital asset to periods that benefit from the use of the asset.



(5) "Direct Charge" means the method of expensing the acquisition cost of a capital asset to a federal program during the accounting period the asset was purchased.

(B) Each CFSA and WIOA area shall develop a written policy for the reimbursement of the use of capital assets that complies with state, federal, and local requirements. The CFSA and WIOA area shall follow the state and federal requirements unless local requirements are more restrictive.

(1) The policy shall include asset classification standards and a useful life schedule based on the financial reporting of the county;

(a) When the county uses generally accepted accounting principles (GAAP), the CFSA or WIOA area will use the county's published asset classification and useful life schedule published within the county's financial statement or;

(b) When the county uses the cash basis for their financial statements, the CFSA or WIOA area will determine, document, and support asset classification and a useful life schedule.

(2) The policy shall be consistent with the practices that meet requirements for reasonableness, allowability, and allocability as outlined in office of management and budget (OMB) 2 C.F.R. part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards."

(3) A CFSA or a WIOA area may adopt the written policy of the county auditor when the county auditor's policy is, at a minimum, as restrictive as the federal requirements.

(4) When a WIOA area is composed of more than one unit of general local government or more than one political subdivision, the WIOA area shall follow the most restrictive of state, federal, and local requirements when seeking federal or state reimbursement for a capital asset.

(C) Acquisition of capital assets using federal funds.

(1) A WIOA area may direct charge a capital asset with prior written approval from the Ohio department of job and family services (ODJFS).



(a) A local area shall request such approval by submitting a completed JFS 01994 "Request for Approval to Direct Charge Workforce Innovation and Opportunity Act (WIOA) Area Funds for Equipment" (rev. 9/2020). The ODJFS review criteria include the following items:

(i) The existence of any local requirements, either at the WIOA area or at the county level if the WIOA area is acting on behalf of a county.

(ii) The purchase of the equipment shall meet the standard federal guidelines of reasonableness and allowability.

(iii) The proposed methodology of allocating the costs between the adult, dislocated, and youth grants, and any administration costs shall ensure the grants are charged in accordance with relative benefits received.

(iv) All supporting documentation required on the JFS 01994.

(2) ODJFS will provide additional guidance on a case-by-case basis, including to CFSA's, for approved requests to expense and direct charge the cost of equipment, including the timing of the direct charge and reporting of the expenditure.

(D) Acquisition of capital assets using local funds.

(1) The CFSA or WIOA area may be reimbursed for capital assets that are capitalized in accordance with GAAP provided they are used for allowable activities and properly allocated to the proper federal awards according to the ODJFS cost allocation plan (CAP) and federal cost principles established in 2 C.F.R. part 200.

(2) The CFSA or WIOA area acquires capital assets using local fund and recovers the cost of the use of the asset through depreciation.

(E) Depreciation.



(1) For an asset donated to the CFSA or WIOA area by a third party, its fair market value at the time of the donation shall be considered as the acquisition cost. Such assets may be depreciated or claimed as matching, where allowable, but not both. The calculation of depreciation shall exclude:

(a) The cost of land;

(b) Any portion of the cost of buildings and equipment borne or donated by the federal government irrespective of where the title was originally vested or where it is presently located;

(c) Any portion of the cost of buildings and equipment contributed by or for the CFSA or WIOA area or where law or agreement prohibits recovery; and

(d) Any asset acquired solely for the performance of a non-federal award.

(2) In addition to the provisions in paragraph (B) of this rule, in determining the useful life of assets that may be claimed for federal reimbursement, the following factors shall be considered:

(a) Type of construction;

(b) Nature of the equipment used;

(c) Technological developments in the particular area;

(d) Historical usage data; and

(e) The renewal and replacement policies followed for the individual items or classes of assets involved.

(3) The straight-line method of depreciation is presumed to be the appropriate method of depreciation unless the CFSA or WIOA area presents 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.



(4) The CFSA or WIOA area may not change depreciation methods unless approved in advance by ODJFS. The CFSA or WIOA area shall submit all requests to change the method of depreciation to the ODJFS fiscal supervisor. All requests shall include no less than the following information:

- (a) The useful life of the item;
- (b) The history of the method of costing that has been used for the life of the asset; and
- (c) The reasoning behind the request to change the asset reimbursement method.

(5) The CSFA or WIOA area has two options for reimbursement for building usage when the depreciation method is used:

- (a) The entire building (i.e., the shell and all components) may be treated as a single asset and depreciated over a single useful life; or
- (b) The building may be divided into multiple components and each component depreciated over its estimated useful life. The building components shall be grouped into three general components of a building:
  - (i) Building shell, including construction and design costs;
  - (ii) Building services systems (e.g., elevators, HVAC and plumbing); and
  - (iii) Fixed equipment (e.g. casework, fume hoods, etc.).

(6) The CFSA or WIOA area may not depreciate any assets that have outlived their depreciable lives. However, other related costs such as maintenance and insurance may be allowable.

(7) The CFSA or WIOA area shall ensure that charges for depreciation are supported by adequate property records. The agency shall:

- (a) Perform a physical inventory of assets at least once every two years to ensure that the assets exist



and are usable, used, and needed; and

(b) Maintain depreciation records indicating the amount of depreciation taken each period.

(8) When the CFSA or WIOA area is converting to the depreciation method from the use allowance method, depreciation shall be computed as if the asset had been depreciated over its entire life (i.e., 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 prior to the conversion from the use allowance method as well as depreciation after the conversion) may not exceed the total acquisition cost of the asset.

(9) The CFSA or the WIOA area shall report the appropriate amount in accordance with rule 5101:9-7-29 of the Administrative Code in order to make depreciation claims for federal reimbursement.