**Financial Management of Property, Plant and Equipment - Appendix C**

**Detailed Guidance on Depreciating Facilities and Equipment**

Assets begin depreciation in the month the asset was purchased or placed into service, with a full month of depreciation expense recorded at the month-end close. For building assets, the placed in service date is the date the Certificate of Occupancy was issued. If no certificate is needed, the placed in service date is the date of the close request. For purchased equipment, the placed in service date is the date on the invoice for purchased equipment; for fabricated equipment, the placed in service date is the date the equipment is sufficiently developed and is available for use or is producing science.

Depreciation categories are grouped separately for research and non-research facilities. The useful lives of depreciable assets (other than research facilities) are:

| Asset Category | Depreciation Method | Useful Life | Amount Depreciated Annually |
| --- | --- | --- | --- |
| Buildings | Straight line | 35 years | 2.9% |
| Building improvements | Straight line | 35 years | 2.9% |
| Leasehold improvements | Straight line | 35 years | 2.9% |
| Equipment | Straight line | 7 years | 14.2% |
| Computer equipment | Straight line | 4 years | 25.0% |
| IT Networking and Infrastructure | Straight line | 15 years | 6.67% |
| Scientific equipment | Straight line | 8 years | 12.5% |
| Furniture and fixtures – residential | Straight line | 3 years | 33.3% |
| Furniture and fixtures – office | Straight line | 7 years | 14.2% |
| Vehicles | Straight line | 4-10 years | 25.0% - 10% |
| Software | Straight line | 4 years | 25.0% |
| Service Center Assets | Straight line | 3 – 8 years | 33.3% - 12.5% |

Note that land and land improvements are not depreciated, therefore do not have an associated useful life.

Research facilities must be “**componentized**,” meaning assets are grouped and depreciated in separate categories with differing useful lives. The useful lives for research facilities are:

|  |  |  |  |
| --- | --- | --- | --- |
| Research Facility Component | Depreciation Method | Useful Life | Amount Depreciated Annually |
| Shell\* | Straight line | 45 years | 2.2% |
| Roof | Straight line | 15 years | 6.6% |
| Finishes\*\* | Straight line | 10 years | 10.0% |
| Fixed equipment | Straight line | 15 years | 6.6% |
| Services\*\*\* | Straight line | 20 years | 5.0% |

\* Shell represents exterior walls and additions, including windows.

\*\* Finishes represent final construction fit-outs required to make the space useable, such as: flooring, carpeting, interior walls, installing table tops, painting, etc.

\*\*\* Services represent internal building systems such as elevators, plumbing systems and heating and air-conditioning systems.

Oracle Fixed Assets utilizes subcategories to capture useful lives that are different from the default useful lives associated with the asset object codes. Below is a table summarizing the additional subcategories and useful lives available.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Asset Category** | **Object Codes** | **Default Useful Life** | **Optional Subcategory (in Oracle Fixed Assets)** | **Additional Useful Life Options#** |
| **Buildings (PIS)** | 1200 | 35 | Shell, Roof, Finishes, Fixed Equipment, Services | 10,15,20,45 |
| **Building improvements** | 1200 | 35 |  |  |
| **Leasehold improvements** | 1240 | 35 |  |  |
| **Land improvements** | 1230 | - |  |  |
| **General equipment:** |  |  |  |  |
| CO^Equip, General, Nonsponsored | 1000 | 7 | Service Center Asset | 3,4,5,6 |
| CO^Equip, General, Sponsored | 1001 | 7 | Service Center Asset | 3,4,5,6 |
| General Equipment, Non-Consolidating Tubs | 1002 | 7 |  |  |
| CO^Equip, Scientific, Nonsponsored | 1003 | 8 | Service Center Asset | 3,4,5,6,7 |
| CO^Equip, Scientific, Sponsored | 1004 | 8 | Service Center Asset | 3,4,5,6,7 |
| CO^Equip, Debt-financed, General | 1020 | 7 |  | 7 |
| CO^Equip, Debt-financed, Scientific | 1021 | 7 |  | 7 |
| **Computer equipment:** |  |  |  |  |
| CO^Equip, Computer, Nonsponsored | 1030 | 4 | Service Center Asset; IT Infrastructure | 3, 15 |
| CO^Equip, Computer, Sponsored | 1031 | 4 | Service Center Asset; IT Infrastructure | 3, 15 |
| CO^Equip, Software, Nonsponsored | 1032 | 4 |  | 4 |
| CO^Equip, Software, Sponsored | 1033 | 4 |  | 4 |
| CO^Equip, Debt-financed, Computer | 1050 | 4 | IT Infrastructure | 15 |
| CO^Equip, Debt-financed, Software | 1051 | 4 |  |  |
| **Scientific equipment** | 1003,1004 | 8 | Service Center Asset | 3,4,5,6,7 |
| **Furniture and fixtures – residential:** |  |  |  |  |
| CO^Equip, Residential F+F, Nonsponsored | 1060 | 3 |  |  |
| CO^Equip, Residential F+F, Sponsored | 1061 | 3 |  |  |
| CO^Equip, Debt-financed, Residential F+F | 1080 | 3 |  |  |
| **Furniture and fixtures – office:** |  |  |  |  |
| CO^Equip, Ofc F+F, Nonsponsored | 1090 | 7 |  |  |
| CO^Equip, Ofc F+F, Sponsored | 1091 | 7 |  |  |
| CO^Equip, Debt-financed, Ofc F+F | 1100 | 7 |  |  |
| **Vehicles:** |  |  |  |  |
| CO^Equip, Vehicle, Nonsponsored | 1120 | 4 | Heavy, Medium | 7,10 |
| CO^Equip, Vehicle, Sponsored | 1121 | 4 | Heavy, Medium | 7,10 |
| CO^Equip, Debt-financed, Vehicle | 1130 | 4 | Heavy, Medium | 7,10 |

#These are the useful life options that become available when an asset subcategory is selected in Oracle Fixed Assets.

Accounting for fully depreciated assets:

Assets that remain in use, regardless of net book value, should remain in the fixed asset subledger. Assets that are fully depreciated (the net book value of the asset less accumulated depreciation is zero) and or are obsolete should be written off. This is performed by the local fixed asset manager.