

This document reflects the result of analyses, discussions and review by UCOP staff and PricewaterhouseCoopers (PwC) to date. The document is subject to change pending additional discussions with PwC; however, it represents the best information available to date.

**University of California  
GASB 35 Depreciation Reporting**

**Issues Resolution Memo No. 16**

**University Useful Lives**

**Define Issues**

The University must establish useful lives for all categories of depreciable assets that are used consistently and uniformly throughout the institution (campuses and medical centers). The table on the following pages summarizes useful lives and capitalization thresholds by asset category. This table will be updated as useful lives are finalized.

**University Useful Life Table**  
(as of 8/11/00)

Asset Category	IRM Number	Capitalization Threshold *	Useful Life
Buildings & Structures and Fixed Equipment	1	\$100,000 (for building improvements and modifications)	
<ul style="list-style-type: none"> <li>▪ Single useful life for all buildings</li> <li>▪ Single useful life per category of buildings: <ul style="list-style-type: none"> <li>□ Laboratory buildings</li> <li>□ All other buildings</li> </ul> </li> <li>▪ Survey some buildings (non-representative sample) <ul style="list-style-type: none"> <li>□ Surveyed buildings</li> <li>□ Non-surveyed laboratory buildings</li> <li>□ Non-surveyed other buildings</li> </ul> </li> <li>▪ Survey some buildings per category (representative sample) <ul style="list-style-type: none"> <li>□ Surveyed buildings</li> <li>□ Non-surveyed buildings</li> </ul> </li> <li>▪ Survey all buildings in a category</li> </ul>			32 years 30 years 32 years Based on survey 30 years 32 years Based on survey Based on survey Based on survey
Infrastructure Assets	8	\$100,000	25 years
General Improvements	8	\$100,000	
<ul style="list-style-type: none"> <li>▪ Telephone Systems</li> <li>▪ Other General Improvements</li> </ul>			7 years 15 years
Equipment	1	\$1,500	2–20 years (refer to Equipment Useful Life Table)
Library Materials and Collections (General)	6		15 years
Software			
<ul style="list-style-type: none"> <li>▪ Software</li> <li>▪ Software projects &gt; \$10 million:</li> </ul>	11 11	\$1,500–\$10 million Greater than \$10 million	3 years 7 years

\* Note: Refer to IRM No. 10, and Addendum A to IRM No. 10 for a discussion of capitalization thresholds.

### **Application of Useful Lives**

The useful lives established by the University represent its best estimate of the average useful life for each asset category. The University useful lives shall be applied consistently and uniformly throughout the institution for the following purposes:

- Consolidated University financial statements
- Medical center financial statements
- Campus facilities and administrative (indirect) cost rate proposals
- Medicare cost reports
- Campus service/recharge centers

### **Service/Recharge Centers**

Service/recharge centers will be required to use the useful lives established by the University on a prospective basis, for all assets capitalized on or after July 1, 2000. The useful lives on service/recharge center equipment capitalized before July 1, 2000, may remain unchanged.

### **Financing Terms and Useful Lives**

The financing terms for capitalized assets cannot exceed the useful life established by the University.

### **Next Steps—Required Actions**

- OP will finalize useful lives for each asset category.