

Appendix B: Useful Life and Depreciation
Policy: Property, Plant and Equipment (ID 024-0001)
Summary

Dartmouth acquires physical assets (property, plant & equipment) in pursuit of its mission. These assets must be recorded, depreciated, and inventoried in accordance with federal regulations, generally accepted accounting principles (GAAP) and good business practice. Assets (non-capital/expensed) with a value between \$5,000 and \$24,999 are recorded in the Fixed Asset Module and assigned a useful life over which they are subject to periodic inventories but are not subject to depreciation. Assets (capital) with a value greater than or equal to \$25,000 are recorded in the Fixed Asset Module and are assigned a useful life over which they are depreciated and subject to periodic inventories. Assets (constructed, renovated, or fabricated - CIPs) with a value greater than or equal to \$50,000 are recorded in the Fixed Asset Module by “component,” each of which is assigned a useful life over which it is depreciated.

Depreciation

Depreciation is a non-cash expense that is calculated and allocated on the financial statements over the useful life of applicable assets. This is due to GAAP's matching principle, which states that expenses should be recorded in the same period in which revenue is earned.

Dartmouth elects to use the straight line full-year convention method of depreciation. Assets purchased or in use by December 31st (12/31) are depreciated a full year in the current fiscal year regardless of the month placed in service. Assets purchased or in use after 12/31 do not begin depreciation until the following fiscal year.

Note: Depreciation does not change how a department’s expense is recorded for the purchase of capital assets. The expense is recorded when the invoice is processed by Accounts Payable, or the manual fixed asset journal entry is processed by the Financial Reporting – Financial Analyst responsible for fixed assets.

Schedule of Useful lives

Capital Moveable Equipment (\$25,000 and greater)

Computers - Three (3) Years

Furniture - Ten (10) Years

Software and Technology - Five (5) Years (servers)

Vehicles - Five (5) Years

Other Equipment - Seven (7) Years (anything not in a specific category listed above)

Non-Capital Moveable Equipment (\$5,000-\$24,999)

Audio Visual - Three (3) Years

Building Systems - Ten (10) Years (security, fire suppression, lifts, and elevators)

Computers - Three (3) Years

Furniture - Ten (10) Years

Hardware and Peripheral - Three (3) Years

Office Equipment - Five (5) Years

Other Equipment - Seven (7) Years (athletic, food service, safety, shop, maintenance, and anything not in a specific category as listed)

Scientific - Seven (7) Years

Vehicles - Five (5) Years

Constructed, Renovated or Fabricated – CIPs (\$50,000 and greater)

Buildings and Building Components - Thirteen (13) to Fifty (50) Years

Fixed Equipment - Five (5), Ten (10), Fifteen (15), or Twenty (20) Years

Furniture - Ten (10) Years

For Moveable Equipment see Capital Moveable Equipment.