



Policy and Procedures: Depreciation
Responsible Office: Controller
Effective: Fiscal Year 2017

Policy Statement:

Capitalized assets are depreciated over their estimated useful lives on the straight-line basis using the full month convention method.

Reason for Policy:

The depreciation policy provides a systematic method for recording the depletion and use of Institute assets. Depreciation is intended to reduce the carrying amount of the asset to zero by the time its useful life has expired.

Roles and Responsibilities:

The Institute uses the Vertere Inventory Management (VIM) System as a sub-ledger for calculating equipment and building depreciation. The equipment module of VIM, operated by the Property Administration department, tracks the equipment capitalized by unit of property. The land & building module, operated by Financial Reporting, tracks the land and building capitalized by unit of property. Depreciation is calculated monthly based upon the estimated useful lives defined by Financial Reporting as described below.

Procedures:

Equipment Useful Lives

The equipment useful life categories were adopted with the implementation of the equipment module in fiscal year 2008. The Institute utilizes the module to inventory non-depreciable assets, such as land and artwork. In addition, the Institute expenses all library books.

Land and Building Useful Lives

The land and building module was implemented in fiscal year 2017 to track additions and deletions by asset type, as well as calculate depreciation. Projects initiated prior to July 2016 are capitalized and depreciated once the project achieved 90% of its planned costs. Projects initiated after June 30, 2016 are capitalized and depreciated once the project is completed and placed in service.

The following land and building useful life categories will be utilized for new additions from the date of this policy.

Leasehold improvements are amortized over the shorter of the remaining lease term or unit of property (UoP) useful life.

Depreciation Useful Life Categories and Terms

Equipment

AE	Agricultural Machinery & Equip	7
AP	Washers, Dryers, Residential Appliances	7
AV	Audio Visual	7
CE	Computer Equipment	5
CL	Equipment Capital Lease	T
CS	Computer Software	5
FU	Furniture	7
HM	Heavy Maintenance Equipment	10
KE	Kitchen and Cafeteria Equipment	7
LE	Lab Equipment (Non-Computer)	5
MC	Measurement and Control Equipment	5
ME	Machinery & Equipment	5
MF	Misc Fabrications	5
OE	Office Equipment (Non-Computer)	7
OM	Other Miscellaneous Equipment	5
RE	Renewable Energy Equipment	5
SE	Sports (Athletic) Equip	5
TE	Telecomm & Communications	5
VM	Vehicle & Light Maintenance	5
WA	Works of Art	0

Land and Buildings

Useful Life

LA	Land	0
	Land Improvements	20
BD	Building Shell	50
BE	Building Systems	25
BF	Building Fixed Equipment	10
BI	Building Improvements	20
LI	Leasehold Improvement - Remaining Term	Term

Prior to the implementation of the land and building module, the following useful lives and categories were also used for the Troy, Tech Park and Hartford campuses. These useful lives will not be used for new additions past the date of this policy. All three campuses will use the same useful life for the categories identified above.

Troy Campus	
Leasehold Improvement	50
Leasehold Improvement Buildings	3,5,25
Rensselaer Tech Park	
Land Improvement	6,10
Building Shell	40
Building Improvements	5,10
Leasehold Improvement Buildings	3,5
Hartford Campus	
Building Shell	30
Building Improvements	30
Leasehold Improvement Buildings	20

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