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Date: Monday, March 04, 2002
TO: Kim Judith, Barb Obester
From: Linda Van Ceylon, phone: 970-226-1099
RE: Justification of Equipment Useful Lives

The following table shows useful life classes, their description and the useful life recommended.

UL Class	Category	Description/General Field of Use	UL Years
A	Information Systems	Used in any University Sector Workstations, Processors, Peripherals, Servers, Data Handling Equip., Cash Registers, Bindery Equip.	5
B	Laboratory Scientific Instruction	Used for Instruction, Research and Public Service Cameras, Scales, Instruments, Cabinets, Recorders, Analyzers, Musical Instruments	6
C	Office	Used for Administrative and Academic Support Furniture, Fixtures, Communications Equip, Copiers, Files	6
D	Machinery	Used for Facilities, Hospitals, Ag Stations and Self Support Units Tractors, Large Scales, Ovens, Ranges	12
E	Vehicles	Automobiles, Trucks, Trailers, ATV's, Snowmobiles Requiring license plates or titles	12
F	Recreation	Assets used in Theaters, Concert Halls, Bowling Alleys and similar student oriented facilities	6
G	Non-Depreciable	Fine Art, Fine Musical Instruments	0

The sample used to determine the above useful lives was from **analysis of the record of all active CSU equipment** for the period ending June 30, 2001. Sampling of retired (inactive) equipment costing GT \$5k for 1990 thru 2001 was also analyzed. But that data did not depict accurate aging for the following reasons, which skewed lives upward.

- 1) Equipment dollars were not adjusted for inflation. Therefore the life of an earlier \$5k item, which tended to me much greater than today, would greatly skew results.
- 2) Consistency of data and accuracy of retirement dates in the inactive equipment sample were questionable compared to the active database.

The considerations given to each UL Class when selecting it's life involved the following criteria.

- 1) Reflect 60% or more of the UL Class population
- 2) Remain congruent with lives currently in use for indirect cost analysis
- 3) Placement on the high end of most recommended UL ranges due to the tendency for Higher Ed assets to be held longer.

Attached is a spreadsheet showing the actual analyzed data resulting in the above useful lives.

Data files in Access, Excel and Word for this analysis may be found on the Busfin server at H:/Lvanceyl. Notes are in the 3-ring binder labeled "Depreciation of Equipment, GASB 34-35".