University of Massachusetts
Schedule of Useful Lives
Depreciation Criteria
Effective May 23, 2019

The University capitalizes assets with useful lives greater than one year and acquisition costs greater than or equal to $5,000. The University computes depreciation using the straight-line method over the asset's useful life and applies a half year convention in the year the asset is acquired or placed in service.

The University should determine the appropriate useful life based on the estimated lifespan of the capital asset. It represents the time that the University expects the asset to be in service and utilized for operations.

The following references ranges of useful lives for the University's depreciable assets and examples of capital that would fall into each category:

1. Buildings:
   - Useful life: between 20 years – 40 years
   - Examples of buildings include trailers, residential, instructional, athletic, administration, garages, greenhouses, hotels, and non-research academic buildings.
   - Other considerations: the University may elect to componentize a building since the facilities primarily focus on research. The purpose of componentizing a building for depreciation purposes is to more accurately measure the annual depreciation of multi-functional academic buildings with significant investments in fixed equipment and infrastructure. Buildings are made up of components with each component having its own useful life. A useful life should be applied to the individual components of the building.

2. Infrastructure:
   - Useful life: 50 years
   - Examples of infrastructure include roads, bridges, street lights, tunnels, fencing or sewer systems.

3. Building improvements:
   - Useful life: 3 years to 20 years
   - Examples of building improvements include improvements to envelope (roof, floor, walls), fixtures (elevators, HVAC), residential improvements, systems.
   - Other considerations: the University may elect to componentize building improvements include facilities focused on research. Refer above to "1. Buildings" for further information on componentizing.

4. Land:
   - Useful life: N/A as land is not depreciated
   - Examples of costs capitalized as land include original acquisition costs, legal fees related to the acquisition, costs of surveys, costs of removing unwanted buildings without future improvements to the land, and costs of permanent improvements to land (replacing contaminated soil).

5. Land improvements:
   - Useful life: 20 years
   - Examples of land improvements include landscaping, site improvements, relocation costs, athletic fields and fencing, parking lots, docks, and piers.

6. Equipment – Moveable:
   - Useful life: 3 years to 15 years
   - Examples of moveable equipment include automobiles, buses, lab research equipment, maintenance machinery, marine vessels, office, classroom, and recreational equipment.

7. Leased equipment:
    - Useful life: lessor of the useful life of the leased asset or the life of the lease
    - As leased equipment requires additional accounting considerations, please contact the Controller's department for further information.

8. Software:
    - Useful life: 5 years
    - Examples of software include software that is purchased (i.e., not internally developed). For customized software, consulting and implementation costs may be capitalized. Software licenses may be capitalized if the license covers more than one year.