### Equipment Depreciation Expense for Miscellaneous Fees

This information should be reflected in Template 2 of the Miscellaneous Fee Financial Statement if applicable.

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Year of Purchase</th>
<th>Purchase Price</th>
<th>Percentage Fee Usage</th>
<th>Amount to be Depreciated</th>
<th>Useful Life (Months)</th>
<th>Annual Depreciation Expense</th>
<th># of Months Depreciated Prior Yr(s)</th>
<th>Prior Yr(s) Total Accum. Depreciation</th>
<th>2014-15 Amount Depreciated</th>
<th>2015-16 Amount Depreciated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Server</td>
<td>2010</td>
<td>$6,500</td>
<td>100%</td>
<td>$6,500</td>
<td>48</td>
<td>$1,625</td>
<td></td>
<td>$1,625</td>
<td>$1,625</td>
<td>$1,625</td>
</tr>
</tbody>
</table>

Totals from 2014-15 (Column 10) and 2015-16 (Column 11) should be added to expenditures of the fee Activity on the Miscellaneous Fee Financial Statement.

**Calculations:**
- Column 5 = (Column 3 x Column 4)
- Column 7 = (Column 5 / Column 6 x 12 months)

**Additional Information/Regulations:**
- Inventorial Equipment has a useful life of more than one year and a cost of $5,000 for UCSC.
- Effective July 1, 2004 the University changed the dollar threshold on inventorial (depreciable) equipment. All equipment acquired prior to July 1, 2004 with an acquisition cost between $1,500 and $4,999 shall continue to be depreciated over the useful life of the asset. Pre-7/1/2004 purchases should remain on the depreciation schedule until they are fully depreciated without regard to the new $5,000 threshold.
- Equipment that costs less than $5,000 and was purchased after July 1, 2004, need to be shown as an expense in the year purchased.
- Expensing the total cost of equipment in the year of purchase is not in accordance with Generally Accepted Accounting Principles. GAAP requires the cost of an asset to be spread over its expected useful life.
- OMB Circular - 21 allows Universities to be compensated for the use of their equipment through depreciation.
  - If the equipment is purchased with 19900 funds it may not be depreciated.
  - It specifically states that depreciation expense may not recover more than the equipment cost.
- All depreciated equipment must be used for a specified fee operation.
- A unit may purchase an item with current reserves and collect funds over the useful life of the equipment to repurchase the item at the end of its useful life.
- If the equipment is used only part of the time for fee activities and the remainder of the time for non-fee activities, only that percentage of the equipment may be depreciated.

- The Equipment Administration Office (x9-2851) or the UCOP web at ([http://eulid.ucop.edu/](http://eulid.ucop.edu/)), has information regarding the salvage value and useful life of equipment.