AM.020.059 – CHANGING ASSET'S USEFUL LIFE

Purpose	• To identify why an asset's useful life needs to be changed. • To change an asset's useful life.
Description	An asset is seen as having a physical life and an economic life. Most fixed assets physically deteriorate over time and eventually reach a point where the benefits of the asset are exhausted. Changing the useful life of an asset may be necessary to accommodate addition of a component to an existing asset, or when an asset is reevaluated. Users edit the asset's useful life in two books: ALLASSETS and ENTERPRISE: • ALLASSETS: contains all assets including Small Value Property (SVP) items that are not depreciable • ENTERPRISE: contains only depreciable assets. Accounting entries are generated from the ENTERPRISE book, which are then posted to the General Ledger. For more information on the useful life of an asset as it relates to category, see 7.15.2 Building Useful Life by Type and Class of Construction and 7.15.3 Useful Lives of Capitalized Assets.
Security Role	**BOR_AM_MAINTENANCE**
Dependencies/ Constraints	Accounting Date needs to be in a current open period.
Additional Information	None

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Procedure

Below are step by step instructions on how to change the useful life of an asset.

Step	Action
1.	Click the **NavBar** icon.
2.	Click the **Menu** icon.
3.	Click the **Asset Management** link.
4.	Click the **Asset Transactions** link.
5.	Click the **Asset Book Information** link.
6.	Click the **Define Tax/Depr Criteria** link.
7.	Enter the institution's Business Unit in the **Business Unit** field.
8.	Enter or search for the **Asset ID**. The system defaults to the Book – Depreciation tab.
9.	Enter a date in the **Trans Date** field. The Trans Date is generally the effective date of the transaction. However, when extending useful life the trans date should not be backdated prior to current fiscal year. This is so that depreciation already recognized and reported within a prior fiscal year does not require a restatement. Please contact the USG System Office if additional guidance is needed. ***Note***: *The system populates the Trans Date as the current date. Furthermore, the date entered here will carry over to the Acquisition Date and Placement Date on the Asset Information page. To edit the Acquisition Date and Placement Date, users navigate back to the General Tab page and change the Acquisition Date and Placement Date before saving.*
10.	Verify the **Accounting Date** is accurate. Usually, the Accounting Date is the current date and needs to be in a current open period. ***Note***: *The difference between Trans Date and Accounting Date is used by the system to calculate the amount of Prior Period Depreciation needed.*
11.	Users must update the useful life in both the ALLASSETS and ENTERPRISE books so that the two books are in sync. The exception to this is if the books are currently not in sync, and users change the Useful Life in one book to agree with the other.
12.	Enter the updated useful life in months in the **Useful Life** field for the ALLASSETS book.
13.	Click the **View All** button.
14.	Enter the updated useful life in months in the **Useful Life** field for the

Step	Action
	ENTERPRISE book.
15.	Click the **Save** button.
16.	For asset changes to take effect, the Depreciation Calculation must run. For more information, see AM.020.070 – Depreciating Assets.