

EASTERN WEST VIRGINIA COMMUNITY & TECHNICAL COLLEGE

BOARD OF GOVERNORS

POLICY NO. BP-7.8

TITLE: DEPRECIATION

SECTION 1. GENERAL

- 1.1 Scope - This policy implements guidelines to define depreciable assets, determine useful lives, and the method of allocating depreciation costs.
- 1.2 Authority - Governmental Accounting Standards Board Statement No. 34.
- 1.3 Effective Date - February 1, 2004

SECTION 2 STATEMENT

Depreciation is defined as the allocation of the total acquisition cost of a fixed asset over its estimated useful life, less any salvage value. (Land, construction-in-progress, and similar assets are not depreciated.) Annual depreciation expense is calculated using the straight-line method by dividing total asset cost by estimated useful life in years.

The estimated useful life of a depreciable asset is defined as the period over which services are expected to be rendered by the asset. A full-month convention is used, that is, property placed in service at any time during a given month is considered to be placed in service on the first day of that month. This method allows depreciation to be allocated for the entire month in which the asset is placed in service. No depreciation is allowed for the month of asset disposition.

Salvage value of depreciable assets is assumed to be zero. Periodic reviews of assets will be performed to consider the many factors which may affect their useful lives.

SECTION 3 DELEGATION OF AUTHORITY

The responsibility for implementation and interpretation of this policy is delegated to the President.

BOARD OF GOVERNORS, CHAIR

February 1, 2004

DATE