
WVU POLICY

DIVISION OF FINANCE

DEPRECIATION AND AMORTIZATION

1. PURPOSE & SCOPE

- 1.1. **Purpose** – To establish guidelines to define depreciable and amortizable assets, determine useful lives, and the method of allocating depreciation and amortization costs in accordance with governmental accounting standards as established by the Governmental Accounting Standards Board (GASB).
- 1.2. **Scope** – This policy applies to all West Virginia University departments, including those on the regional campuses - Potomac State College of WVU, WVU Institute of Technology, Charleston division of the Robert C. Byrd Health Sciences Center, Jackson's Mill State 4-H Conference Center and Camp, and the WVU Farms – and the West Virginia University Research Corporation.

2. POLICY

- 2.1. Land, construction-in-progress, and inexhaustible works of art, collectibles and similar assets are not depreciated. Intangible assets with indefinite useful lives are not amortized.

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 an asset is 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 allows depreciation to be allocated for the entire month in which the asset is placed in service while no depreciation is allowed for the month of disposition. Salvage value of depreciable assets is assumed to be zero, except for vehicles which have a salvage value of 20%. Amortization of intangible assets follows this same methodology.

Intangible right-to-use assets (leased and subscription assets) are amortized using the straight-line method over the shorter of the lease or subscription term or the estimated



useful life of the underlying asset. The amortization expense for each month is calculated based on the number of days in the month.

As many factors may affect the useful life of an asset, a periodic review of estimated useful lives will be performed.

3. DEFINITIONS

- 3.1. **Depreciation** – Allocation of the total acquisition cost of a capital asset over its estimated useful life.
- 3.2. **Amortization** - Allocation of the total acquisition cost of an intangible asset over its estimated useful life. Allocation of the total cost of a leased or subscription asset over the shorter of the lease or subscription term or the estimated useful life.

4. RESPONSIBILITIES

- 4.1. **Interpretation** – The responsibility for interpretation of this policy rests with the Senior Associate Vice President for the Division of Finance or designee.
- 4.2. **Application** – The responsibility for application of this policy rests with the Institutional Accounting, Reporting and Analysis.
- 4.3. **Procedure Development** – The responsibility for procedure development of this policy rests with Institutional Accounting, Reporting and Analysis.

5. AUTHORITY & REFERENCES

- 5.1. WVU Board of Governors Finance & Administration Rule 5.1 Approvals and Delegation of Authority for Financial and Administrative Matters (under consideration for approval and out for public comment).

6. SUPERCEDES

- 6.1. This policy supersedes all other Depreciation and Amortization policies, procedures or guidelines at the University to the extent those documents are inconsistent with and fall under the scope of this policy.





FIN-IARA-6

Category: Division of Finance

Title: Depreciation and Amortization

Responsible Unit: Institutional Accounting,
Reporting & Analysis (IARA)

Adopted: July 1, 2001

Revision History: February 6, 2016, July 2, 2021,
July 1, 2022

Review Date: May 20, 2024

Signature: Barbara Weiss Date: 05/21/2024

Barbara Weiss
Senior Associate Vice President – Division of Finance

