

## How to Determine the Depreciated Value of Equipment

The Board of Regents' Business Procedure Manual states that the depreciated value of equipment should be determined by the straight-line depreciation method (historical cost, divided by useful life),

**Board of Regents of the University System of Georgia** (2010, June 16). *Business Procedures Manual 7.7.3 Depreciation Methodology*. Retrieved from [http://www.usg.edu/business\\_procedures\\_manual/section7/](http://www.usg.edu/business_procedures_manual/section7/)

The historical cost of an item is the amount the equipment cost when it was acquired by Georgia State University.

The useful life of equipment should be calculated in months and can be found in the Board of Regents Procedure Manual section 7.15.3. **Board of Regents of the University System of Georgia** (2010, June 16). *Business Procedures Manual 7.15.3 Useful life of Capitalized Assets*. Retrieved from [http://www.usg.edu/business\\_procedures\\_manual/documents/useful\\_lives\\_capitalized\\_assets.pdf](http://www.usg.edu/business_procedures_manual/documents/useful_lives_capitalized_assets.pdf)

**Important Note:** There is a minimum charge of 10% of the historical cost; therefore the charges for equipment taken by employees will be the depreciated value or 10% of historical costs, whichever is greater.

Example:

A video projector was bought for \$1000 and has a useful life of 5 years (60 months). The video projector was bought 2.5 years ago (30 months) ago.

Historical Cost= \$1000

Useful Life= 30 months used/ 60 months total useful life=  $\frac{1}{2}$  useful life

$\$1000 * \frac{1}{2} = \$500$  Current Value