

This document reflects the result of analyses, discussions and review by UCOP staff and PricewaterhouseCoopers (PwC) to date. The document is subject to change pending additional discussions with PwC; however, it represents the best information available to date.

University of California GASB 35 Depreciation Reporting

Addendum A to Issues Resolution Memo No. 15

(Re-issued March 31, 2003)

Accounting Procedures to Eliminate Capital Expenditures from Current Fund Expenditures and to Record Annual Depreciation Expense and Accumulated Depreciation

This addendum outlines the approach for closing procedures for Renewals and Replacements expenditures.

Renewals and Replacements Closing Procedures

Renewals and Replacements expenditures are recorded in Current Funds expenditure accounts throughout the year. Currently, those expenditures are left in the Current Funds expenditure accounts in the General Ledger at year end, but are reported on the Renewals and Replacements Exhibit E4 with a transaction code of 2300.

In order to report from the Corporate Financial System, these expenditures will have to be reclassified to fund balance deductions in the Renewals and Replacements fund group (and not remain in Current Funds expenditure accounts) in the June final general ledgers.

Campuses must add a year-end closing step to close out Renewals and Replacements expenditure accounts to Renewals and Replacements Fund Balance before the June final ledger closes. The transaction codes to be used are 2300 for capitalized expenditures and 2301 for non-capitalized expenditures. Campuses may close out their expenditure accounts using dummy accounts and funds, by function, by fund source.

OP has assigned specific object codes for use with Renewals and Replacements funds when closing out expenditures. Campuses may record the credit to the capitalized expenditures object code only or choose to record the credit to each object code based on actual expenditures. Campuses should use the following codes:

- Elimination—Capitalized Expenditures 9982
- Elimination—Salaries & Wages 1982
- Elimination—Fringe Benefits 8892
- Elimination—Other 8092

Campuses should record the following entries:

For Capitalized Expenditures

Debit Renewals and Replacements Fund Balance (transaction code 2300)
Credit Expenditure/Fund/Sub/Object Code¹

For Non-Capitalized Expenditures

Debit Renewals and Replacements Fund Balance (transaction code 2301)
Credit Expenditure/Fund/Sub/Object Code¹

1 Campuses must use the object codes listed above.