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. 17

(Re-issued April 7, 2003)

Approach to Depreciating Equipment

This addendum provides guidelines for the treatment of non-inventorial equipment **for medical centers**.

Non-Inventorial Equipment at Medical Centers

In concert with current cost reimbursement procedures and in accordance with the procedures outlined in the Accounting Manual Chapter P-415-2, the medical centers have been capitalizing and depreciating certain items that are not considered inventorial according to the University's definition of equipment used by the general campuses as defined in BUS-29. Included in the category of non-inventorial items are: standard office furnishings such as open plan furniture; carpeting and window coverings; and medical instruments. These items may be purchased individually, or in a lump sum; however, no individual item that is considered inventorial according to BUS-29 with a value over the current equipment threshold of $1,500 should be included in this category.

To continue to accommodate this practice at the medical centers under the new GASB Statements No. 34 and 35 standards, the following methodology for the handling of non-inventorial equipment has been established for use by the **medical centers only**:

- Medical centers shall provide to the campus Equipment Management Office the sum total of new non-inventorial equipment items to be capitalized. This information should be provided on a frequency agreed upon by the medical center and the campus Equipment Management Office, but not less than twice annually, at the December 31 and June 30 capitalization events.

- Campus Equipment Management will assign a Property Number to the total aggregate value of non-inventorial items capitalized in the period and assign an Equipment Classification Code of **F9999** with a composite depreciable life of 15 years. The "description" of the items should reflect the lot of non-inventorial equipment items purchased by the medical center for the reported period.

- If the medical center provides this information more than twice during the year, Equipment Management may add any subsequent value to the previously assigned Property Number that has already been established for the 12-month period, or may create a separate Property Number. A new Property Number must be created at least annually.

- The acquisition value of non-inventorial equipment should be included in the acquisition value reported to Plant Accounting as part of the normal capitalization process.

- Equipment Management will remove non-inventorial items from campus inventory when the medical center reports disposals or retirement of non-inventory items (either by year of capitalization or by Property Number). Medical centers should notify campuses of the total amount of disposals (including partial disposals) for each annual increment for the prior fourteen years.

- Medical centers should continue their current practice of writing-off items as there are disposed or at the end of the depreciable life as assigned by the medical center.

- The University will write-off items when they are reported by the campus as disposed or at the end of 15 years, whichever occurs first.