

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 C to Issues Resolution Memo No. 17

(Re-issued February 3, 2004)

Approach to Depreciating Equipment

This addendum updates the approach to non-University-owned equipment outlined in Addendum B of IRM No. 17. The approach outlined in this addendum supercedes the approach outlined in Addendum B.

Non-University-Owned Equipment

In IRM No. 17, Addendum B, the University outlined an approach to equipment that required all capital equipment to be capitalized and depreciated, regardless of ownership. Upon further discussions with campuses and PricewaterhouseCoopers, the University has modified its approach. Beginning January 1, 2003, the University will capitalize and depreciate only non-University-owned equipment purchased with federal funds or on loan from a federal source. The University will continue to capitalize and depreciate all University-owned equipment.

Recommended Approach

Beginning January 1, 2003

- The University will capitalize non-University-owned equipment purchased with federal funds or on loan from a federal source. All other non-University-owned equipment will not be capitalized.

At June 30, 2003

- Campuses will capitalize University-owned equipment and non-University-owned equipment purchased with federal funds or on loan from a federal source that have been acquired between January 1 and June 30.

- For non-University-owned items purchased with non-federal funds that were previously capitalized and reported on the December 31, 2002 EFA100, campuses may choose to write-off these items as disposals in the current year.

At December 31, 2003

- Campuses will capitalize University-owned capital equipment and non-University-owned equipment purchased with federal funds or on loan from a federal source that have been acquired between July 1 and December 31.
- Campuses will reconcile the total value reported on the EFA100 to the values recorded in the General Ledger as outlined in IRM No. 2, *Data Quality and Reconciliation Issues*. There will be a reconciling item between the EFA100 and the General Ledger for the value of non-University-owned equipment that has been purchased with non-federal funds.
- Campuses should write-off non-University-owned items purchased with non-federal funds that were previously capitalized and reported on the December 31, 2002 EFA100 if campuses did not elect to write-off these items at June 30, 2003.

Next Steps—Required Actions

Responsibility (C, OP, Labs)	Required Completion Date	Action Item/Task
C	1-Jan-03	Capitalize Non-University-Owned Equipment Purchased with Federal Funds —The University will capitalize non-University-owned equipment purchased with federal funds or on loan from a federal source. All other non-University-owned equipment will not be capitalized.
C	30-Jun-03	Write-Off Items from December 31, 2002 (Optional) —Campuses may elect to write-off non-University-owned equipment purchased with non-federal funds that were reported on the December 31, 2002 EFA100.
C	31-Dec-03	Write-Off Items from December 31, 2002 —Campuses should write-off non-University-owned equipment purchased with non-federal funds that were reported on the December 31, 2002 EFA100, if campuses did not elect to write-off these items at June 30, 2003.