

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 and the Division of Cost Allocation, U.S. Department of Health and Human Services (DCA-DHHS); however, it represents the best information available to date.

University of California GASB 35 Depreciation Reporting

Addendum A to Issues Resolution Memo No. 1

Consistency in Calculation Methodology – Depreciation of Buildings

This addendum provides definitions and further clarification to items previously discussed in Issues Resolution Memo (IRM) No. 1.

Default Useful Life of Buildings

IRM No. 1 used the following useful lives as placeholders for discussion purposes:

Basis for Determining Useful Life	Type of Building	Useful Life	Applicable Method
UBC analysis	All buildings	32 years	Method 1
UBC analysis if different lives are used for laboratory buildings and all other buildings	Laboratory buildings	30 years	Method 2
	All other buildings	32 years	Methods 2, 3, 4, 5
Survey of individual buildings	Surveyed buildings (laboratory buildings)	Individually determined	Method 3, 4
	Non-surveyed laboratory buildings	Weighted average of surveyed laboratory buildings	Method 3

The use of 30 and 32 years as default lives are still under study. UCOP is considering the need to engage a building appraiser to advise the University on a reasonable and defensible set of default useful lives. We believe continue to believe that 30 and 32 years is a reasonable placeholder pending further analysis.

Additional Requirement for Adopting Method 3

Method 3 would require campuses to survey **some** laboratory buildings. The weighted average useful life of the surveyed laboratory buildings would be applied to the non-surveyed laboratory buildings.

Campuses may apply the weighted average useful life of the surveyed buildings to the non-surveyed laboratory buildings only if:

- The surveyed laboratory buildings represent a statistically valid, representative sample of all laboratory buildings of the campus.
- The appraiser conducting the surveys asserts to the validity of the sample surveyed.

If the campus does not survey a statistically valid, representative sample of laboratory buildings, it may not use the weighted average life of the surveyed laboratory buildings to depreciate the non-surveyed laboratory buildings. Campuses would be required to use the default useful life (currently estimated at 32 years) for all non-surveyed laboratory buildings in such cases.

Definition of “Laboratory” Buildings

For the purposes of IRM No. 1, laboratory buildings will be defined as:

- Buildings where at least 25% of the total assignable square feet (ASF) of the building is dedicated to laboratory space, or
- Buildings with at least 7,500 ASF of laboratory space.

Rooms with the following Room Use Codes assigned to the listed Program Codes (disciplines) will be counted as laboratory space. Room Use Codes and Program Codes are defined in the University’s *Facilities Inventory Guide*.

Room Use Codes

210 Research Laboratory or Studio OR
225 Research Laboratory or Studio Services OR
260 Class Laboratory OR
261 Special Class laboratory OR
265 Class Laboratory Services OR
270 Open Laboratory OR
275 Open Laboratory Service OR
860 Diagnostic Service Laboratory OR

862 Diagnostic Service Laboratory Support

Program Codes (Disciplines)

1101, 2101, 3101 - Agricultural Business and Production OR
1102, 2102, 3102 - Agricultural Sciences OR
1103, 2103, 3103 - Conservation and Renewable Natural Resources OR
1111, 2111, 3111 - Computer and Information Sciences OR
1114, 2114, 3114 - Engineering OR
1115, 2115, 3115 - Engineering-Related Technologies OR
1126, 2126, 3126 - Biological Sciences and Life Sciences OR
1140, 2140, 3140 - Physical Sciences OR
1141, 2141, 3141 - Science Technologies OR
1204, 2204, 3204 - Architecture and Environmental Design OR
1209, 2209, 3209 - Communications OR
1301, 2301, 3301 - Medicine OR
1302, 2302, 3302 - Veterinary Medicine OR
1303, 2303, 3303 - Dentistry OR
1304, 2304, 3304 - Nursing OR
1305, 2305, 3305 - Pharmacy OR
1306, 2306, 3306 - Public Health OR
1307, 2307, 3307 - Optometry OR
1309, 2309, 3309 - General and Unclassified Health Science Academic Subjects OR
1390, 2390, 3390 - General Assignment/Support: Health Sciences OR
3400 - Agricultural Field Stations OR
3500 - Natural Reserve System
