

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. 3**

#### **Establishing the Balance of Accumulated Depreciation at June 30, 2000**

This addendum provides further clarification to items previously discussed in Issues Resolution Memo (IRM) No. 3.

#### **Required Campus-Specific Information**

In order to more accurately reflect the accumulated depreciation balance as of June 30, 2000, campuses will be required to submit building-specific data for all buildings (including fixed equipment and improvements to existing buildings) for the past five years (i.e., at 6/30/96, 97, 98, 99, and 00). Campuses should submit data files to OP that include the following:

- Building number and description
- Year-end balances for each building for the last five years

Precise definitions and data specifications will be developed and provided to the campuses. Campus Controllers must ensure the information submitted to OP are reconciled to the year-end financial statement balances.

*Note:* Campuses that record fixed equipment in account 101804 should combine the balance with 101801 for each building when submitting the year-end balance for the past five years.

#### **Optional Campus-Specific Information**

At their option, campuses may submit additional year(s) data (including fixed equipment and improvements to existing buildings) for years 6 through 32 (i.e., FY 1994-95 through FY 1968-69). (Note: 32 years is used as a place holder for discussion purposes pending completion of useful lives analysis by OP.) However, submission of additional data must be for all buildings

for a given fiscal year for consecutive years. Campuses may not skip years in providing additional data.

The information submitted to OP must be reconciled to the financial statements, auditable, and reviewed and approved by the campus Controller.

### **Index Factor Adjustment**

As stated in IRM No. 3, PwC is using 34.4 percent as a point of reference to determine the validity of the University's recommended methodology to establish the balance of accumulated depreciation as of June 30, 2000. However, OP does not anticipate adjusting the stratification index factors for non-surveyed buildings to accommodate the more precise building data provided by the campuses.

### **Next Steps**

- OP must develop definitions and specifications for the data files.
- OP must complete the GASB 35 implementation timeline, including the deadline for submitting the campus-specific information outlined in this IRM.
- Campus should review campus records to determine how many years' data will be provided to OP.