



SENIOR VICE PRESIDENT —
BUSINESS AND FINANCE

OFFICE OF THE PRESIDENT
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ASSISTANT VICE CHANCELLORS/ACCOUNTING OFFICERS

Subject: Capital Asset Account Numbers (CAAN)

Recently there has been confusion concerning the assignment of Capital Asset Account Numbers (CAAN). This memo will serve to clarify the procedures for assigning CAANs. The following procedures will be updated in the Accounting Manual P-415-8 section IV.F.

The Capital Asset Account Number (CAAN) is a four digit alpha-numeric field which is assigned at the time a capital project or construction contract begins to incur expenses. The CAAN is the key which uniquely identifies a capital asset or building and facilitates the interface of asset-related information in corporate and campus systems such as, but not limited to, the subsidiary plant asset ledgers, plant expenditure accounts, facilities inventory, equipment inventory, risk management and indirect cost recovery systems.

Campuses may assign CAANs between 0001-9999; however, the CAANs and their asset titles must be used consistently among the Plant Asset, Facilities Inventory and Equipment Inventory systems, and any other system which contains and reports building data. The CAAN does not need to begin with the campus location code. Alpha characters (i.e., the letters A thru Z) may be used in any of the four positions in the CAAN; however, campuses should verify that their local general ledger can accept these alpha characters.

Since the CAAN is a unique identifier for a specific capital asset or building, it should be used consistently to record costs and expenditures among the following plant accounts:

**Account 101800 -- land
Account 101801 -- buildings and structures
Account 101802 -- general improvements
Account 101804 -- fixed equipment**

Each asset, building or separate structure must be assigned an individual CAAN, including buildings attached by court areas, breeze ways, or designed in clusters. A complex involving multiple buildings or separate structures will, therefore, be associated with more than one CAAN since each building within the complex must be assigned a separate CAAN. A single building which is constructed on more than one foundation should also be assigned the necessary number of CAANs to account for each of the separate foundations upon which the building is built. Thus, in a multiple building or multiple structure construction project or purchase, capitalized costs must be allocated to each building or structure and associated with each building's CAAN.

For example, the purchase of land, a building and general improvements should have the same CAAN and asset title. However, if the land included two buildings, at least two CAANs would be required: one CAAN for the land and one building and another CAAN for the other building. Alternatively, three CAANs maybe assigned: one for each building and one for the land. For capitalized costs, such as telecommunications wiring or fencing which cannot be related to a single asset or building, a separate CAAN should be established.

Individual CAANs must be provided for each building because the University is required to maintain separate building accounting for State and insurance reporting. State government code (Section 11011.17) requires the University of California to report on all UC-owned assets (defined as parcels of real property, including land, easements and rights-of-way held, and structures) to the Office of Real Estate and Design Services.

The OP Office of Risk Management annually provides property insurance underwriters with a listing of all UC-owned buildings which includes building values, value of contents and square footage information by CAAN. This listing identifies the University's property exposure and assists the insurance underwriters in assessing risk (e.g., fires, earthquakes). In lieu of providing street addresses for each building, property insurance underwriters have agreed to accept building asset numbers. However, this comes with the understanding and negotiated agreement that individual CAANs would be assigned to each separate building. These procedures conform to the underwriters' criteria and provide a more accurate exposure evaluation. Any digression from the stated procedures could cause the University and the campus to incur additional expenses for property coverage.

These procedures pertain to all current construction projects not fully capitalized. If you have any questions, please give Ken Strangfeld a call at (510) 987-0902 or e-mail at <ken.strangfeld@ucop.edu>.

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