

GASB #34/35 Issue Paper #10
Notes to the Financial Statements
June, 2001

Several new note disclosures will be required under GASB #34/#35. In addition, there are several note disclosures that will be changed or eliminated as a result of reporting under GASB #34. The GASB Codification has not yet been updated to incorporate GASB #34/#35 or the exposure draft released September 29, 2000 entitled *Certain Financial Statement Note Disclosures*. The following discussion is intended as working draft, pending the release of these documents.

Only those notes to the financial statements that must be added or changed significantly, as a result of GASB #34, have been included below. Institutions should refer to GASB Codification Section 2300.901 for additional guidance.

- 1) Significant Accounting Policies:
 - a) Basis of presentation
 - i) Accrual accounting and economic resources measurement focus
 - ii) The policy for applying FASB pronouncements issued after November 30, 1989
 - b) Assets, liabilities and net assets
 - i) The definition of cash and cash equivalents used in the statement of cash flows.
 - ii) Basis of valuation for capitalized collections.
 - iii) Capitalization policy, policy for estimating useful lives and depreciation methods.
 - c) Revenues and expenses
 - i) Policy for defining operating and nonoperating revenues.
 - ii) Policy regarding whether restricted or unrestricted revenue is first applied when an expense is incurred that meets purpose restrictions and both restricted and unrestricted revenues are available.
- 2) Stewardship, compliance, and accountability.
 - i) Material violations of finance-related legal and contractual provision and *actions taken to address significant violations (proposed)*.
- 3) Assets:
 - a) Capital assets, by major category or class, depreciated and not depreciated shown separately:
 - i) Beginning and ending balances, with accumulated depreciation presented separately.
 - ii) Capital acquisitions
 - iii) Sales or other dispositions
 - iv) Current-period depreciation
 - b) Donor restricted endowments:
 - i) Net appreciation on investments of donor-restricted endowments that are available for expenditure and how those amounts are reported in net assets.
 - ii) State law regarding the ability to spend net appreciation.
 - iii) Policy for authorizing and spending investment income, such as the spending-rate or total-return policy.
- 4) Liabilities:
 - a) *A schedule of changes in short-term debt and the purpose for which it was issued (proposed)*.
 - b) Long-term liabilities (such as bonds, notes, loans, leases payable, and **compensated absences**):
 - i) Beginning and ending balances
 - ii) Increase in long-term liabilities
 - iii) Decreases in long-term liabilities
 - iv) Current portion of each category/class of debt due within one year
 - c) Debt service requirements to maturity, *separately identifying principal and interest for each of the subsequent five years and in five-year increments thereafter (proposed)*

- d) *Obligations under leases for each of the five subsequent years and in five-year increments thereafter (proposed).*
- e) *Variable rate debt (proposed):*
 - i) *Interest requirements, using the rate effective at year-end.*
 - ii) *Terms of interest rate changes.*
- 5) Revenues and expenses
 - a) Scholarship allowances
 - i) Amount of the allowances
 - ii) Allowances by major revenue sources (federal, state, private, etc.) (optional)
 - b) If not presented on the face of the statement, revenues pledged as security on debt
- 6) *Details about significant individual accounts when their nature is obscured by aggregation (proposed)*
- 7) Segment information – See GASB #34, ¶122.