

**POLICIES—FINANCIAL STATEMENTS INCORPORATED INTO THE STATE'S CAFR  
CHANGES, SEPTEMBER 13, 2002**

The following changes are effective immediately. They will be reflected in the next formal revision of the manual (in 2003).

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Section 5, FINANCIAL STATEMENT COMPONENTS, page 44, add the following to the end of the *Restricted Assets and Liabilities* subsection:

Page 148 of the 2001 edition of *Governmental Accounting, Auditing, and Financial Reporting (GAAFR) as amended by the 2002 GAAFR Update Supplement* states the following regarding statements of net assets using the classified format: "When restricted assets are being used to repay maturing debt, the appropriate portion of each should be treated as a current asset and a current liability. To report the debt as current, but the restricted assets that will be used to repay it as noncurrent, would result in a distortion of working capital (i.e., current assets less current liabilities = working capital)." (Authoritative guidance on classifying assets and liabilities as current or non-current is found in ARB 43, Chapter 3A, particularly paragraphs 6 and 8.)

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Section 6, FOOTNOTE DISCLOSURES, Page 92, immediately above the *Cash Deposits, and Investments Disclosures* subsection, add the following:

**DETAILS OF RESTRICTED ASSETS**

The detail of restricted asset accounts (both purpose and amount) must be disclosed in the notes to an agency's financial statements if it is not otherwise visible on the face of the financial statements.

This will help ensure that the statewide CAFR meets the requirements of the GFOA Certificate of Achievement Program.

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Section 8, COLLEGES AND UNIVERSITIES (*Federal Perkins Loan Program Activity*), second bullet on page 135: change "current" to "non-current." After this change, the sentence will read as follows: "Record any cash on hand associated with the program as Non-Current Restricted Assets, Cash." (This reflects the thinking that the Perkins balances are not part of institutions' current operations.)

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Section 8, COLLEGES AND UNIVERSITIES (*Federal Perkins Loan Program Activity*), last paragraph on page 135: Add a sentence immediately after the following sentence: "For the fiscal year ended June 30, 2002, colleges and universities should report a corresponding adjustment to beginning net assets." The inserted sentence reads as follows: "Typically, this adjustment will be part of the adjustment made to comply with GASB 34/35."