

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; however, it represents the best information available to date.

## **University of California GASB 35 Financial Statement Presentation**

### **Issues Resolution Memo No. 100**

### **GASB Statements No. 34 and 35 Financial Statement Presentation Format—Primary Statements**

#### **Define Issues**

The University must develop a financial statement presentation format to support the reporting standards established by GASB Statements No. 34 and 35. The new reporting standards are required for the fiscal year beginning July 1, 2001, with comparative information for the prior year.

#### **Background**

During 1999, the Government Accounting Standards Board (GASB) introduced GASB Statements 34 and 35. These Statements substantially revised the standards for external financial reporting by public institutions.

According to the new standards, the separately issued financial statements of public colleges and universities must include:

- Management's Discussion and Analysis
- Statement of Net Assets
- Statement of Revenues, Expenditures and Changes in Net Assets
- Statement of Cash Flows
- Notes to the Financial Statements

Financial statements must be prepared in accordance with GAAP (generally accepted accounting principles) and are subject to audit under GAAS (generally accepted auditing standards).

In order to identify all additional information needed to comply with the GASB reporting requirements, the University must develop a financial statement presentation template that will be used to identify necessary information currently not being tracked within the University financial system.

### **Recommended Approach**

Exhibit 1 provides a draft template of the financial statement to be used by the University beginning in the FY 2001-2002 Annual Report. The intent of Exhibit 1 is to assist the University in thinking through the issues and demonstrate how the June 30, 2002 financial statements will be presented. The Exhibit will be updated, as necessary, to incorporate changes and modifications that continue to be identified through the GASB implementation process.

### **Next Steps—Required Actions**

- UCOP will be continually updating Exhibit 1 over the next year. Updates will be posted frequently on the University's GASB IRM website.

**IRM No. 100—Exhibit 1a**

**University of California  
Statement of Net Assets  
At June 30, 2002 and 2001  
(in thousands of dollars)**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash	\$	\$
Short-term investments		
Investment of cash collateral		
Investments held by trustees		
Accounts receivable, net		
Current portion of notes and mortgages receivable, net		
Inventories		
Other current assets	_____	_____
Current assets	_____	_____
Investments		
Investment of cash collateral		
Investments held by trustees		
Notes and mortgages receivable, net		
Land, buildings, equipment, libraries and collections, net		
Other noncurrent assets	_____	_____
Noncurrent assets	_____	_____
Total assets	_____	_____
<b>LIABILITIES</b>		
Accounts payable		
Accrued salaries and benefits		
Deferred revenue		
Collateral held for securities lending		
Commercial paper		
Current portion of long-term debt		
Funds held for others		
Other current liabilities	_____	_____
Current liabilities	_____	_____
Federal refundable loans		
Self-insurance		
Long-term debt		
Other noncurrent liabilities	_____	_____
Noncurrent liabilities	_____	_____
Total liabilities	_____	_____
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		
Restricted:		
Nonexpendable:		
Endowments		
Annuity and life income funds		
Expendable:		
Endowments		
Funds functioning as endowments		
Gifts		
Loans		
Capital projects		
Debt service		
Appropriations		
Other		
Unrestricted	_____	_____
Total net assets	\$ _____	\$ _____

See accompanying Notes to Financial Statements

**University of California**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Years ended June 30, 2002 and 2001**  
**(in thousands of dollars)**

	<u>2002</u>	<u>2001</u>
<b>OPERATING REVENUES</b>		
Student tuition and fees, net	\$	\$
Grants and contracts:		
Federal		
State		
Private		
Local		
Sales and services:		
Medical centers		
Educational activities		
Auxiliary enterprises, net		
Department of Energy laboratories		
Other operating revenues, net	_____	_____
 Total operating revenues	 _____	 _____
 <b>OPERATING EXPENSES</b>		
Salaries and wages		
Benefits		
Scholarships and fellowships		
Utilities		
Supplies and materials		
Depreciation		
Department of Energy laboratories		
Other operating expenses	_____	_____
 Total operating expenses	 _____	 _____
 Operating loss	 _____	 _____
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
State educational appropriations		
State financing appropriations		
Private gifts		
Investment income:		
Short term investment pool and other		
Endowment		
Securities lending, net		
Net depreciation in fair value of investments		
Interest expense		
Loss on disposal of capital assets		
Other nonoperating expenses	_____	_____
 Net nonoperating revenues	 _____	 _____
 Income before other changes in net assets		
 <b>OTHER CHANGES IN NET ASSETS</b>		
State capital appropriations		
Capital gifts and grants		
Permanent endowments	_____	_____
 Increase in net assets		
 <b>NET ASSETS</b>		
Net assets, beginning of year (as restated)	_____	_____
 Net assets, end of year	 \$ _____	 \$ _____

See accompanying Notes to Financial Statements

**IRM No. 100—Exhibit 1c**

**University of California  
Statement of Cash Flows  
Years ended June 30, 2002 and 2001  
(in thousands of dollars)**

	<u>2002</u>	<u>2001</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student tuition and fees, net	\$	\$
Grants and contracts		
Receipts from sales and services of:		
Medical centers		
Educational activities		
Auxiliary enterprises, net		
Payments to employees		
Payments to suppliers and utilities		
Payments for benefits		
Payments for scholarships and fellowships		
Other receipts	_____	_____
Net cash used by operating activities	_____ -	_____ -
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State educational appropriations		
Gifts received for other than capital purposes:		
Private gifts for endowment purposes		
Other private gifts		
Other receipts (payments)	_____	_____
Net cash provided by noncapital financing activities	_____ -	_____ -
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Commercial paper financing:		
Proceeds from issuance		
Payments of principal		
Interest paid		
State capital appropriations		
State financing appropriations		
Capital gifts and grants		
Proceeds from debt issuance		
Proceeds from the sale of capital assets		
Purchases of capital assets		
Principal paid on debt and capital leases		
Interest paid on debt and capital leases	_____	_____
Net cash used by capital and related financing activities	_____ -	_____ -
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments:		
Short Term Investment Pool		
Other investments		
Purchase of investments:		
Short Term Investment Pool		
Other investments		
Investment income, net of investment expenses	_____	_____
Net cash used by investing activities	_____ -	_____ -
Net (decrease) increase in cash	_____ -	_____ -
Cash, beginning of year	\$ _____	\$ _____
Cash, end of year	\$ _____	\$ _____

See accompanying Notes to Financial Statements.

**IRM No. 100—Exhibit 1c**

**University of California  
Statement of Cash Flows  
Years ended June 30, 2002 and 2001  
(in thousands of dollars)**

	<u>2002</u>	<u>2001</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$	\$
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense		
Allowance for doubtful accounts		
Change in assets and liabilities:		
Receivables, net		
Investments held by trustees		
Inventories		
Other assets		
Accounts payable		
Accrued salaries and benefits		
Deferred revenue		
Self-insurance		
Other liabilities		
	<u>                    </u>	<u>                    </u>
Net cash used by operating activities	\$ <u>          -</u>	\$ <u>          -</u>
<b>SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION</b>		
Capital assets acquired through capital leases	\$	\$
Capital assets acquired with a liability at year-end		
Loss on the disposal of capital assets		
Gifts of capital assets		
Securities lending activity		

See accompanying Notes to Financial Statements.

IRM No. 100—Exhibit 1d

University of California Retirement System  
 Statement of Plans' Fiduciary Net Assets  
 At June 30, 2002 and 2001  
 (in thousands of dollars)

	University of California Retirement Plan <u>2002</u>	University of California Defined Contribution Plan and Tax Deferred 403(b) Plan <u>2002</u>	University of California PERS - Voluntary Early Retirement Incentive Program Plan <u>2002</u>	University of California Retirement System	
				<u>2002</u>	<u>2001</u>
<b>ASSETS</b>					
Investments	\$	\$	\$	\$ -	\$ -
Investment of cash collateral				-	-
Participants' interest in external mutual funds				-	-
Participant 403(b) loans				-	-
Accounts receivable:					
Contributions				-	-
Investment income				-	-
Security sales and other				-	-
<b>Total assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Payable for securities purchases				-	-
Member withdrawals, refunds and other payables				-	-
Collateral held for securities lending				-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>					
Members' defined benefit plan benefits				-	-
Participants' defined contribution plan benefits				-	-
<b>Total net assets held in trust for pension benefits</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements

**University of California Retirement System**  
**Statement of Changes in Plans' Fiduciary Net Assets**  
**Years ended June 30, 2002 and 2001**  
**(in thousands of dollars)**

	University of California Retirement Plan	University of California Defined Contribution Plan and Tax Deferred 403(b) Plan	University of California Pers - Voluntary Early Retirement Incentive Program Plan	University of California Retirement System	
	2002	2002	2002	2002	2001
<b>ADDITIONS (REDUCTIONS)</b>					
Contributions:					
Participants:					
Members	\$	\$		\$	\$
Employer					
Total contributions	-	-		-	-
Investment income (loss):					
Net depreciation in fair value of investments			\$	-	
Interest, dividends, and other investment income				-	
Securities lending income				-	
Investment expenses				-	
Total investment loss	-	-	-	-	-
Interest income from contributions receivable					
Total additions (reductions)	-	-	-	-	-
<b>DEDUCTIONS</b>					
Benefit payments:					
Retirement payments				-	
Member withdrawals				-	
Cost-of-living adjustments				-	
Lump sum cashouts				-	
Preretirement survivor payments				-	
Disability payments				-	
Death payments				-	
Other benefit payments				-	
Participant withdrawals				-	
Total benefit payments	-	-	-	-	-
Expenses:					
Plan administration				-	
Other				-	
Total expenses	-	-	-	-	-
Total deductions	-	-	-	-	-
Decrease in net assets held in trust for pension benefits					
	-	-	-	-	-
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>					
Beginning of year					
End of year	\$	\$	\$	\$	\$
	-	-	-	-	-

See accompanying Notes to Financial Statements