

## **Authority**

The authority for this Policy is intended to comply with the following:

The Governmental Accounting Standards Board (GASB) establishes standards of financial accounting and reporting (also known as Generally Accepted Accounting Principles, or GAAP) for state and local governmental entities, including public colleges and universities. These standards guide the preparation of external financial reports for those entities.

The Financial Accounting Standards Board (FASB) was created as an independent standard setting body. FASB establishes accounting and financial reporting standards for all private sector commercial and not-for-profit entities. The System applies all GASB pronouncements and applicable FASB statements and Interpretations issued on or before November 30, 1989, except those that conflict with GASB pronouncements.

- GASB Statement No. 35 *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities* [issued November 1999], which establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* [issued June 1999] requires the financial statements to be presented using the full accrual method which recognizes the financial effect of events that impact the entity during the accounting period, regardless of whether cash has been received or spent.
- 1996 National Association of College and University Business Officers *Financial Accounting and Reporting Manual for Higher Education* Release 96-4, ¶407.62.

## **General Disclosure Requirements**

GASB 34 requires general disclosures about capital assets in the notes to the financial statements.

Capital asset disclosures in footnotes should be presented by major classes of capital assets.

Certain note disclosures about capital assets occur in the summary of significant accounting policies, while other information appears in general capital asset disclosures and transition period disclosures. GASB suggests the following disclosures according to major capital asset classes:

1. Beginning and end-of-year asset balance
2. Accumulated depreciation
3. Capital asset additions
4. Capital asset dispositions
5. Annual depreciation charge, broken down by functional area in the statement of activities.