**AUTHORITY**

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.

2002 National Association of College and University Business Officers Financial Accounting and Reporting Manual for Higher Education Release 02-2, ¶308.2