



POLICY TITLE:

Basis of Accounting

APPLIES TO:

All Departments and Divisions

ADMINISTRATIVE AUTHORITY:

Division of Finance and Administration

Chief Financial Officer (CFO)

APPROVED BY:

Kentucky State University Board of Regents

EFFECTIVE DATE:

August 8, 2025

NEXT REVIEW DATE:

August 8, 2028

POLICY STATEMENT:

In accordance with Kentucky Revised Statutes, Kentucky State University (KSU) maintains its financial records and prepares its financial statements using the accrual basis of accounting. This policy ensures conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and other relevant authorities to ensure accurate and transparent financial reporting.

DEFINITIONS:

Accrual Basis of Accounting

A method of accounting where revenues are recognized when earned and expenses are recorded when an obligation has been incurred, without regard to the date of the actual receipt or payment of cash.

Generally Accepted Accounting Principles (GAAP)

The common set of accounting principles, standards, and procedures that entities must follow when they

compile their financial statements.

Governmental Accounting Standards Board (GASB)

The independent organization that establishes accounting and financial reporting standards for U.S. state and local governments, including public universities.

National Association of College and University Business Officers (NACUBO)

A professional organization that provides guidance on accounting and financial reporting for higher education institutions.

PROCESS:

Official Accounting Method

KSU officially adopts the accrual basis of accounting for all its financial recording and reporting.

Compliance with Professional Standards

- All accounting procedures used by KSU shall conform to GAAP as prescribed by GASB.
- This includes conformity with GASB Statement Number 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and Statement Number 35, Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities.
- KSU's fund accounting system also follows the guidance of the American Institute of Certified Public Accountants (AICPA) and NACUBO.

Reporting Classification

KSU reports as a Business-Type Activity (BTA), as defined by GASB Statement Number 35.

REFERENCES AND RELATED MATERIALS:

- KRS 164A.560
- KRS 164A.565
- National Association of College and University Business Officers (NACUBO) Financial Accounting and Reporting Manual (FARM)
- Governmental Accounting Standards Board (GASB)

CONTACTS:

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Policy Questions	CFO/Vice President of Fin. & Admin.	(502) 597-6429	Melissa.Hicks@kysu.edu

HISTORY:

Revision Type	Date of Issuance/Revision	Drafter(s)/Editor(s)
Issued (New Policy)	August 2024	YPTC

Substantive Revisions	June 2025	Zach Atwell
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