

Policy on Financial Reporting

Policy Number:

Effective Date of Policy: July 1, 2005

Overview

Financial Reporting is the process of providing information from the computerized enterprise-wide financial system of the University in a formalized written manner. Specifically, it is the process of creating the financial statements of the University at the end of each fiscal year. While numerous inquiries and informal reports can be made of the financial systems, those inquiries may or may not adhere to the requirements and standards imposed on the written statements.

Purpose

Financial Reporting is designed to:

- Provide reports consistent with generally accepted accounting principles.
- Provide reports as required by the Commonwealth.
- Provide information to management required for financial planning, coordination, and control.
- Provide information required to respond to various external entities that provide financial support for the University.

Policy Detail

At the end of each fiscal year, the University must produce a set of financial statements for audit by the Auditor of Public Accounts and for general release to interested parties.

The financial statements of the University include:

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

The financial statements are to conform with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Specifically, the financial statements are to be prepared in accordance with GASB Statement 34, *Basic*

Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments and GASB Statement 35, Basic Financial Statements and Management’s Discussion and Analysis of Public Colleges and Universities.

The financial statements are also prepared in accordance with GASB Statement 39, *Determining Whether Certain Organizations Are Component Units*. This statement requires the discrete presentation of two related non-profit organizations that exist to assist the University – the University of Mary Washington Real Estate Foundation and the University of Mary Washington Foundation. A third related non-profit organization – the University of Mary Washington Alumni Association – is presented in the footnotes of the University’s statements. These organizations also issue their own financial statements, audited by a private accounting firm, that follow the guidance of the FASB, instead of GASB, including FASB Statement 117, *Financial Reporting for Not-for-Profit Organizations*.

In addition to producing financial statements for publishing by the University, the *Code of Virginia* Section 2.2-803 and Section 2.2-813 requires the University to submit financial statement templates and other financial information to the Department of Accounts for use in preparation of the Commonwealth’s Comprehensive Annual Financial Report. The information is prepared in accordance with the Office of the Comptroller’s Directive 1-06, *Financial Statement Template Preparation for Higher Education Institutions*.

It is the policy of the University to prepare the financial statement template in accordance with the directive by the last Thursday of September each year. It is the policy of the University to prepare the financial statements of the University by the second Thursday of October each year.

Approvals

This policy is issued by the Financial Reporting Department and approved by the Assistant Vice President for Finance; July 1, 2005.

Revision

0. By Shannon Williams; Assistant Controller; July 1, 2005