

OREGON ACCOUNTING MANUAL	
SUBJECT: Accounting and Reporting	Number: 15.05.00
DIVISION: Chief Financial Office	Effective date: February 13, 2017
Chapter: Accounting and Financial Reporting	
Part: GAAP Hierarchy	
Section:	
APPROVED: George Naughton, Chief Financial Officer	Signature on file

PURPOSE: The purpose of this policy is to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements presented in conformity with generally accepted accounting principles (GAAP).

AUTHORITY: **ORS 293.590**
GASB Statement No. 76

APPLICABILITY: This policy applies to all state agencies included in the State’s annual financial statements, except for those agencies specifically exempted by OAM Policy 01.05.00.

POLICY:

101. Agency management must ensure the proper accounting and reporting of agency operations in accordance with GAAP.
102. The GAAP Hierarchy sets forth what constitutes GAAP for all state and local government entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.
103. The sources of authoritative GAAP are categorized in descending order of authority as follows:
 - a. Officially established accounting principles - Governmental Accounting Standards Board (GASB) Statements (Category A)
 - b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by GASB (Category B)

Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification), and when presented in the Codification, it retains its authoritative status.

104. If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, consider whether the accounting treatment is specified by a source in Category B.
105. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described in paragraph 103, first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described in paragraph 103 and then one may consider nonauthoritative accounting literature from other sources, as identified in paragraph 106, that does not conflict with or contradict authoritative GAAP. Do not apply accounting principles specified in authoritative GAAP described in paragraph 103 to similar transactions or other events if those accounting principles either (a) prohibit the application of the accounting treatment to the particular transaction or other event or (b) indicate that the accounting treatment should not be applied by analogy.
106. Sources of nonauthoritative accounting literature:
- GASB Concepts Statements
 - The pronouncements and other literature of the Financial Accounting Standards Board, Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB
 - Practices that are widely recognized and prevalent in state and local government
 - Literature of other professional associations or regulatory agencies
 - Accounting textbooks, handbooks, and articles

The appropriateness of the nonauthoritative accounting literature depends on the consistency of the literature with the GASB Concepts Statements, the relevance of the literature to particular circumstances, the specificity of the literature, and the general recognition of the issuer or author as an authority.