January 4, 2024

Alan Skelton
Director of Research and Technical Activities
Governmental Accounting Standards Board
801 Main Avenue
Norwalk, Connecticut 06851

Re: Project No. 39

Dear Alan:

On behalf of the National Association of College and University Business Officers (NACUBO), we submit the following comments on the Exposure Draft (ED) of the Governmental Accounting Standards Board, *Disclosure and Classification of Certain Capital Assets*. NACUBO is a nonprofit professional organization representing chief financial and administrative officers at 1,700 colleges and universities. In its capacity as a professional association, NACUBO issues accounting and reporting industry guidance for higher education and educates thousands of higher education professionals annually on accounting and reporting issues and practices.

NACUBO’s comments on the ED were developed with input from its Accounting Principles Council (APC). The APC consists of experienced business officers from various types of institutions who, collectively, possess a thorough knowledge of higher education accounting and reporting issues and practices.

**Overall Observations and Conclusions**

As always, we appreciate the time and effort the board and staff have devoted to improving financial accounting and reporting standards. We agree that the presentation requirements in the ED are necessary for greater comparability across governments. This is especially true with the advent of right-to-use assets in Statements 87, *Leases*, 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*, and 96, *Subscription-Based Information Technology Arrangements*.

Paragraph B20 of the basis for conclusions notes that a capital asset may be classified as held for sale even if it is still being used in operations. As the ED does not propose any changes to recognition or measurement guidance, “used in operations” implies that the asset should continue to be depreciated as it was prior to being so classified. Although the illustration in paragraph C1 shows depreciation activity for buildings held for sale, we believe the discussion in paragraph B20
will be enhanced if it explicitly states that capital assets held for sale should continue to be depreciated.

Thank you for the opportunity to comment. We welcome questions the Board or the staff may have about our response. Please direct your questions to me at 202-861-2542 or smeditto@nacubo.org.

Sincerely,

Susan M. Menditto
Senior Director, Accounting Policy