



This course supports the assessment for Governmental and Nonprofit Accounting. The course covers 3 competencies and represents 3 competency units.

Introduction

Overview

The Governmental and Nonprofit Accounting course is designed to be an introduction to the theory and practice of accounting in governmental and nonprofit entities. Your studies will include a thorough examination of the process of analyzing and recording transactions by governmental and nonprofit organizations, and their preparation of financial statements in accordance with Governmental Accounting Standards Board (GASB) standards. This course also covers accounting for governmental and nonprofit entities (local, state, and federal), colleges and universities, and voluntary organizations.

Getting Started

Welcome to Governmental and Nonprofit Accounting! In this course, you will use the VitalSource e-text, which includes readings and end-of-chapter homework. Reading information from the texts and completing the homework will help you to develop a comprehensive understanding of accounting. We encourage you to review Solutions to Select Problems section in the Learning Resources section of the course. Additional presentations are available in the Course Tips to help you learn the materials. Competency will be demonstrated by the successful completion of an objective assessment.

Competencies

This course provides guidance to help you demonstrate the following 3 competencies:

- **Competency 3029.1.1: Governmental and Nonprofit Entities**
The graduate explains the background, need, and governance for governmental and nonprofit entities.
- **Competency 3029.1.2: Transactional Analysis for Governmental and Nonprofit Entities**
The graduate analyzes and records transactions for governmental and nonprofit entities under Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) standards.
- **Competency 3029.1.3: Financial Statements for Governmental and Nonprofit Entities**
The graduate prepares and analyzes financial statements for governmental and nonprofit entities in accordance with Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) standards.

Course Instructor Assistance

As you prepare to demonstrate competency in this subject, remember that course instructors stand ready to help you reach your educational goals. As subject matter experts, mentors enjoy and take pride in helping students become reflective learners, problem solvers, and critical



thinkers. Course instructors are excited to hear from you and eager to work with you.

Successful students report that working with a course instructor is the key to their success. Course instructors are able to share tips on approaches, tools, and skills that can help you apply the content you're studying. They also provide guidance in assessment preparation strategies and troubleshoot areas of deficiency. Even if things don't work out on your first try, course instructors act as a support system to help you prepare for another attempt. You should expect to work with course instructors for the duration of your coursework, and you are encouraged to contact them as soon as you begin. Course instructors are fully committed to your success!

Preparing for Success

The information in this section is provided to detail the resources available for you to use as you complete this course.

Learning Resources

The learning resources listed in this section are required to complete the activities in this course. For many resources, WGU has provided automatic access through the course. However, you may need to enroll manually in or independently acquire other resources. Read the full instructions provided to ensure that you have access to all of your resources in a timely manner.

Automatically Enrolled Resources

You can access the learning resources listed in this section by clicking on the links provided throughout the course. You may be prompted to log in to the WGU student portal to access the resources.

Wiley CPAexcel

Wiley CPAexcel is a series of video resources designed to align with the course topics. You will be directly linked to the video content upon clicking the links provided.

VitalSource E-Texts

The following textbook is available to you as an e-text within this course. You will be directly linked to the e-text within each topic and you can also download it to read offline, or purchase a printed text using the following instructions.

- Freeman, R.J., Shoulders, C.D., Allison, G.S., & Smith, G.R. (2013). *Governmental and nonprofit accounting: Theory and practice*. (10th ed.) New Jersey: Pearson Education, Inc. Print ISBN-13: 978-0-13-275126-1

For further information about using a VitalSource text, visit the following help page:

- [VitalSource: Help](#)

Note: This e-text is available to you as part of your program tuition and fees, but you may



purchase hard copies at your own expense through a retailer of your choice. If you choose to do so, please use the ISBN listed to ensure that you receive the correct edition.

Additional Preparations

Solutions to Select Problems

Solutions to select problems can be accessed through the following link:

- [Select Solutions to Homework Problems](#)

Minimum Technical Requirements

Obtain a Calculator

You will need a financial calculator or access to spreadsheet software, such as Microsoft Excel, for computational problems throughout this course. The recommended financial calculator is the Texas Instruments BA II Plus. You may only use an approved financial calculator during the pre-assessment and assessment for this course. You are unable to use Excel during the assessments.

Topics and Pacing

The pacing guide suggests a weekly structure to pace your completion of learning activities. It is provided as a suggestion and does not represent a mandatory schedule. Follow the pacing guide carefully to complete the course in the suggested time frame.

Week 1

- Preparing for Success
- Organizational Entities
- Funds Overview

Weeks 2–4

- Fund Accounting

Week 5

- The Budgetary Process
- Prepare and Analyze Financial Statements

Week 6–7

- Prepare and Analyze Financial Statements

Week 8

- Final Steps
- Objective Assessment

Governmental and Nonprofit Entities



Accounting and financial reporting for governmental and nonprofit (G&NP) organizations, as well as G&NP auditing, are based on distinctive concepts, standards, and procedures that accommodate their environments and the needs of their financial report users.

Organizational Entities

Governmental and nonprofit organizations are unique to business type organizations. A G&NP organization exists because a community or society decides to provide certain goods or services to its group as a whole.

This topic addresses the following competency:

- **Competency 3029.1.1: Governmental and Nonprofit Entities**

The graduate explains the background, need, and governance for governmental and nonprofit entities.

This topic highlights the following objectives:

- Describe the role of the governing body of governmental and nonprofit entities.
- Identify the types of governmental and nonprofit entities.
- Describe the significance of governmental and nonprofit entities.
- Identify the role of GASB.
- Describe the standard-setting processes and objectives of GASB that formulate the accounting standards for governmental and nonprofit entities.
- Explain the objective of financial reporting for governmental and nonprofit entities.

Read: "Governmental and Nonprofit Accounting: Environment and Characteristics"

Chapter 1 describes the accounting characteristics and environment surrounding governmental and nonprofit accounting. After reading this chapter you should be able to identify the types and describe the significance of governmental and nonprofit entities, identify the role of GASB, explain the objective of financial reporting and describe the standard setting processes for the GASB.

As you complete the listed material below, pay attention to the following key points:

- characteristics and types of G&NP entities
- the G&NP environment
- illustration 1-3: Facts about GASB
- objectives of G&NP accounting and financial reporting

Access [Chapter 1: "Governmental and Nonprofit Accounting: Environment and Characteristics"](#) in Governmental and Nonprofit Accounting: Theory and Practice and complete the following activities:

- Read pages 1–28

View the following videos:



- [Introduction to Governmental Organizations](#) (13:36)
- [GASB Concept Statements](#) (11:30)
- Complete Chapter 1 Questions: Q-1, Q-5, Q-6, and Q-10
- Complete Chapter 1 Exercise: E1-1
- Complete Chapter 1 Problems: P1-3 and P1-4

Read: "Ten Basic Responsibilities of Nonprofit Boards"

This article describes the roles and responsibilities of the board of directors of nonprofit organizations. After reading this article you should be able to describe the role of the governing body (board of directors) of nonprofit (both governmental and non-governmental) organizations.

As you complete the listed material below, pay attention to the following key points:

- organization mission and purpose
- adequate organizational resources
- effective organizational planning
- roles as it relates to executive director
- delegation of responsibilities
- five assumptions

Read the following article:

- ["Ten Basic Responsibilities of Nonprofit Boards"](#)

As you are reading this article reflect on the following questions:

- How do the responsibilities of the board of directors differ from the responsibilities of a business owner or owners?
- How are the responsibilities of the board of directors similar to responsibilities of a business owner or owners?
- In a nonprofit organization, is the executive director a member of the board of directors?
- To whom does the executive director of a nonprofit organization report?
- How does the board of directors fulfill its responsibilities as it relates to the nonprofit organization's mission and purpose?
- What are the board of director's responsibilities as they relate to ensuring the organization has adequate resources?
- What board responsibilities can and cannot be delegated? Does delegation of board responsibilities relieve the board from its responsibilities?

Transactional Analysis for Governmental and Nonprofit Entities

Understanding the nature and interrelationships of governmental funds, non-fund accounts, and different classes of net assets is critical to understanding governmental and nonprofit accounting.



Funds Overview

This topic provides an overview of the transactions and basic financial reporting principles that are applicable to governmental and nonprofit organizations.

This topic addresses the following competency:

- **Competency 3029.1.2: Transactional Analysis for Governmental and Nonprofit Entities**

The graduate analyzes and records transactions for governmental and nonprofit entities under Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) standards.

This topic highlights the following objectives:

- Discuss the various types of funds for governmental and nonprofit entities.
- Identify different sources of revenue for governmental and nonprofit organizations.
- Differentiate between accounts unique to governmental entities and other business-type entities.
- Identify the different types of governmental funds.
- Identify the different types of proprietary funds.
- Identify the different types of fiduciary funds.
- Describe the accounting characteristics that are common to governmental funds.
- Describe the accounting characteristics that are common to proprietary funds.
- Describe the accounting characteristics that are common to fiduciary funds.
- Describe the purpose of the general fund.
- Describe the purpose of special revenue funds.
- Describe the purpose of capital project funds.
- Describe the purpose of debt service funds.
- Describe the purpose of enterprise funds.
- Describe the purpose of internal service funds.
- Describe the purpose of trust and agency funds.
- Describe various classifications of nonprofit organizations.
- Describe reporting restrictions and requirements for not-for-profit organizations.

Read: "State and Local Government Accounting and Financial Reporting Model: The Foundation"

Chapter 2 provides the foundation and requirements for accounting and financial reporting for governmental entities. After reading this chapter, you should be able to identify and describe the different types of funds used in governmental accounting and the accounting characteristics that are common to each type of fund.

As you complete the listed material below, pay attention to the following key points:

- specific types of funds in each category
- uses of each type of fund in each category



- transaction analysis for each type of fund in each category
- illustrations 2-1 through 2-8
- measurement focus

Access [Chapter 2: "State and Local Government Accounting and Financial Reporting Model: The Foundation"](#) in *Governmental and Nonprofit Accounting: Theory and Practice* and complete the following activities:

- Read pages 31–54

View the following videos;

- [Fund Accounting](#) (8:20)
- [Measurement Focus Basis of Accounting](#) (13:07)

- Complete Chapter 2 Questions: Q2-1–Q2-10 and Q2-17
- Complete Chapter 2 Exercises: E2-1–E2-5
- Complete Chapter 2 Problem: P2-6
- Complete Chapter 2 Case: Case 2-1

Read: "Governmental and Nonprofit Accounting: Environment and Characteristics"

After completing this activity, you should be able to identify different sources of revenue for governmental entities.

As you complete the listed material below, pay attention to the following key point:

- sources of financial resources

Access [Chapter 1 "Governmental and Nonprofit Accounting: Environment and Characteristics"](#) in *Governmental and Nonprofit Accounting: Theory and Practice* and complete the following activity:

- Read page 14

Read: "Non-SLG Not-for-Profit Organizations"

Chapter 16 explains and illustrates the basic accounting and financial reporting as it relates to nongovernmental not-for-profit entities. After reading this chapter you should be able to discuss the various types of funds for nonprofit activities, identify sources of revenue for nonprofit organizations, and describe the requirements for financial reporting for nonprofit organizations.

As you complete the listed material below, pay attention to the following key points:

- classification of organizations
- classes of net assets
- illustration 16-1
- basis of accounting



- financial statements
- non-GAAP reporting requirements

Access [Chapter 16: "Non-SLG Not-for-Profit Organizations"](#) in Governmental and Nonprofit Accounting and complete the following activities:

View the following video:

- [Financial Reporting](#) (15:02)
- Read pages 637–650 and page 665: Concluding Comments in Chapter 16
- Complete Chapter 16 Questions: Q16-1–Q16-4
- Complete Chapter 16 Exercise: E16-2

Fund Accounting

This topic provides an in-depth examination of specific transactions from a practical perspective that comprise the accounting for governmental and nonprofit entities.

This topic addresses the following competency:

- **Competency 3029.1.2: Transactional Analysis for Governmental and Nonprofit Entities**
The graduate analyzes and records transactions for governmental and nonprofit entities under Governmental Accounting Standards Board (GASB) and Financial Accounting Standards board (FASB) standards.

This topic highlights the following objectives:

- Describe accounting for transactions in the general fund.
- Describe accounting for transactions in special revenue funds.
- Describe accounting for transactions in nonprofit entities.
- Describe accounting for tax transactions in governmental funds.
- Describe accounting for transactions in capital project funds.
- Describe accounting for transactions for a nongovernment voluntary health and welfare organization (VHWO).
- Describe accounting for transactions for an ONPO.
- Describe accounting for transactions in debt service funds.
- Describe accounting for transactions in enterprise funds.
- Describe accounting for transactions in internal service funds.
- Describe accounting for transactions in trust and agency funds.
- Explain the accounting method for recognizing revenues and expenditures in governmental funds.
- Explain the accounting method for recognizing revenues and expenses in proprietary funds.
- Explain the accounting method for recognizing revenues and expenses in fiduciary funds.



- Explain how interfund transfers should be recognized.

Read: "The General Fund and Special Revenue Funds"

Chapter 3 describes the accounting for transactions in the general fund and special revenue funds. After reading this chapter you should be able to describe the accounting for transactions in the general and special revenue funds.

As you complete the activities below, pay attention to the following key points:

- differences between General Fund and Special Revenue Fund
- basic accounting equation
- general Fund Illustrative Example
- transactional journal entries
- interfund activity
- year-end adjustments
- closing entries

Access [Chapter 3: \("The General Fund and Special Revenue Funds"\)](#) in Governmental and Nonprofit Accounting and complete the following activities:

- Read pages 69–88 and 100

View the following video:

- [Governmental Funds \(25:06\)](#)
- Complete Chapter 3 Questions: Q3-1, Q3-3, Q3-7, Q3-12, and Q3-13
- Complete Chapter 3 Exercises: E3-1, – Items 1–5; E3-2, 1–4; E3-5; and E3-6
- Complete Chapter 3 Problems: P3-1, P3-2, P3-3, and P3-5 Required (a)

View the following PowerPoint presentation:

- [General Fund Typical Transactions and Journal Entries](#)

As you are viewing this presentation, please pay attention to the following:

- specific details and amounts included in the transaction
- journal entries of the transactions and how the numbers are derived
- specific accounts impacted by the related transaction
- purpose of the journal entry

Read: Revenue Accounting?Governmental Funds

Chapter 5 covers the method of accounting for recognizing revenues in governmental funds. After reading this chapter you should be able to explain the method of accounting for recognizing revenues in government entities.



As you complete the activities below, pay attention to the following key points:

- revenue definition and recognition
- illustration 5-4 and 5-5
- classifications of Revenue Accounts
- assessing taxes
- recording tax collections (advanced, delinquent, discounts, interest, and penalties)
- accounting for tax sales
- intergovernmental classification and revenue accounting

Access [Chapter 5: "Revenue Accounting—Governmental Funds"](#) in Governmental and Nonprofit Accounting and complete the following activities:

- Read pages 174–199
- Complete Chapter 5 Questions: Q5-1, Q5-2, and Q5-4–Q5-8
- Complete Chapter 5 Exercises: E5-1, E5-2, E5-7, and E5-8
- Complete Chapter 5 Problems: P5-3 and P5-4

Read: "Expenditure Accounting?Governmental Funds"

Chapter 6 covers the method of accounting for expenditures in governmental funds. After reading this chapter you should be able to explain the method of accounting for expenditures in governmental entities.

As you complete the activities below, pay attention to the following key points:

- expenditure definition and recognition
- illustration 6-1 and illustration 6-2
- expenditure vs. expense recognition

Access [Chapter 6: "Expenditure Accounting—Governmental Funds"](#) in Governmental and Nonprofit Accounting and complete the following activities:

- Read pages 222–228 and pages 230–233
- Complete Chapter 6 Questions: Q6-1 and Q6-2
- Complete Chapter 6 Exercise: E6-3

Read: "Capital Projects Funds"

Chapter 7 covers accounting for transactions occurred in capital projects funds. After reading this chapter you should be able to describe how transactions are accounted for in the capital projects fund.

As you complete the activities below, pay attention to the following key points:

- capital projects fund operations and accounting standards
- illustrations 7-1, 7-2, and 7-3
- CPF Lifecycle



- CPF Financial Resources
- recording bond issues
- capital projects FUNP case illustration
- budget entries
- transaction/event entries

Access [Chapter 7: "Capital Projects Funds"](#) in Governmental and Nonprofit Accounting and complete the following activities:

- Read pages 262–275
- Complete Chapter 7 Questions: Q7-1, Q7-4, and Q7-3
- Complete Chapter 7 Exercises: E7-2 and E7-6
- Complete Chapter 7 Problem: P7-2–Required (a)

Read: "Debt Service Funds"

Chapter 8 covers the accounting for transactions incurred in debt service funds. After reading this chapter you should be able to describe the accounting for transactions in debt service funds.

As you complete the activities below, pay attention to the following key points:

- debt service fund environment, financing, and expenditure recognition
- long-term liabilities
- bonds and fiscal agents
- debt service payments
- illustrative entries for debt service funds

Access [Chapter 8: "Debt Service Funds"](#) in Governmental and Nonprofit Accounting and complete the following activities:

- Read pages 301–319
- Complete Chapter 8 Questions: Q8-1–Q8-14
- Complete Chapter 8 Exercises: E8-1, E8-2, and E8-3
- Complete Chapter 8 Problems: P8-1, P8-2, and P8-3

Read: "Enterprise Funds"

Chapter 10 describes the accounting for transactions in enterprise funds. After reading this chapter you should be able to describe the accounting for transactions incurred in enterprise funds.

As you complete the activities below, pay attention to the following key points:

- common characteristics and principles of proprietary type funds
- definition of enterprise fund
- examples of activities required to be recorded in enterprise funds
- illustration of enterprise fund accounting



- establishment of accounts
- recording routine operations

Access [Chapter 10: "Enterprise Funds"](#) in *Governmental and Nonprofit Accounting* and complete the following activities:

- Read pages 392–401

View the following video:

- [Proprietary Funds \(24:51\)](#)
- Complete Chapter 10 Questions: Q10-1–Q10-4 and Q10-6
- Complete Chapter 10 Exercise: E10-1
- Complete Chapter 10 Problem: P10-6

View the following PowerPoint presentation:

- [Enterprise Fund Typical Transactions and Journal Entries](#)

As you are viewing this presentation, please pay attention to the following:

- page number references back to the e-book
- journal entries of the transactions and how the numbers derived
- specific accounts impacted by the related transaction
- purpose of the journal entry
- how accounting for enterprise funds is similar to accounting for business type activities

Read: "Internal Service Funds"

Chapter 11 describes the accounting for transactions in internal service funds. After reading this chapter you should be able to describe the accounting for transactions incurred in internal service funds.

As you complete the activities below, pay attention to the following key points:

- overview of accounting principles
- internal service fund accounting illustrated
- illustration 11-1

Access Chapter 11: ["Internal Service Funds"](#) and complete the following activities:

- Read pages 443–453 and 455–461 in Chapter 11
- Complete Chapter 11 Questions: Q11-1–Q11-4, Q11-10, and Q11-11
- Complete Chapter 11 Exercises: E11-2 and E11-3
- Complete Chapter 11 Problems: P11-3 and P11-4

Read: "Trust and Agency (Fiduciary) Funds: Summary of Interfund-GCA-GL TL"



Accounting"

Chapter 12 describes the accounting for transactions in trust and agency funds. After reading this chapter you should be able to describe the accounting for transactions incurred in trust and agency funds.

As you complete the activities below, pay attention to the following key points:

- examples of financial resources held for the benefit of others
- the accountability focus
- internal management and external reporting of agency funds
- intragovernmental agency funds
- tax agency funds
- types of trust funds

Access [Chapter 12: "Trust and Agency \(Fiduciary\) Funds: Summary of Interfund-GCA-GLTL Accounting"](#) in *Governmental and Nonprofit Accounting* and complete the following activities:

- Read pages 474–481, 483–491, and 501: Concluding Comments in Chapter 12.

View the following video:

- [Fiduciary Funds \(14:55\)](#)
- Complete Chapter 12 Questions: Q12-1–Q12-4
- Complete Chapter 12 Exercises: E12-3 and E12-4–Requirement (a)
- Complete Chapter 12 Problems: P12-1–Requirement (a) and P12-2–Requirement (a)

Read: "Non-SLG Not-for-Profit Organizations"

Chapter 16 describes the accounting for transactions in nongovernmental, not-for-profit organizations. After reading this chapter you should be able to describe the accounting for transactions in nongovernmental not-for-profit entities.

As you complete the activities below, pay attention to the following key points:

- Nonnon-GAAP accounting and reporting requirements
- contributions
- fundraising events
- donated materials, facilities, and services
- restricted, unrestricted, and temporarily restricted net assets
- expenses
- supporting services
- program services
- management and general costs
- pledges and gifts
- transactions and entries



Access [Chapter 16: "Non-SLG Not-for-Profit Organizations"](#) in *Governmental and Nonprofit Accounting* and complete the following:

- Read pages 644–658

View the following video:

- [Donations, Pledges, Contributions and Net Assets \(20:14\)](#)
- Complete Chapter 16 Exercises: E16-3, E16-4, E16-5, and E16-6
- Complete Chapter 16 Problems: P16-1 and P16-2

The Budgetary Process

This topic provides an in-depth review of the functions and components of the budgetary accounting process and how to record and revise a budget.

This topic addresses the following competency:

- **Competency 3029.1.2: Transactional Analysis for Governmental and Nonprofit Entities**
The graduate analyzes and records transactions for governmental and nonprofit entities under Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) standards.

This topic highlights the following objectives:

- Describe the functions and components of a budget in government fund planning.
- Describe the budgetary accounting process in government fund planning.
- Describe the process of recording an appropriation of a budget.
- Describe the process of recording a revision in a budget report.

Read: "Budgeting, Budgetary Accounting, and Budgetary Reporting"

Chapter 4 describes the budgetary accounting process. After reading this chapter you should be able to describe the budgetary accounting process and the process for recording a budget appropriation and revision.

As you complete the activities below, pay attention to the following key points:

- budgetary accounting and reporting
- budgetary accounting and control
- budgetary entries in general, revenue, and expenditures ledgers
- recording the budget
- budget revision
- meaning and computation of: encumbrances, appropriations, expenditures, unencumbered balance, revenues, estimated revenues
- illustrations 4-1 and 4-2
- budgetary planning, control, and evaluation



Access [Chapter 4: "Budgeting, Budgetary Accounting, and Budgetary Reporting"](#) in *Governmental and Nonprofit Accounting* and complete the following activities:

- Read pages 121–138 and 146–157

View the following videos:

- [Budgetary Accounting \(8:11\)](#)
- [Encumbrance Accounting \(15:56\)](#)
- Complete Chapter 4 Questions: Q4-3–Q4-6, Q4-8, and Q4-13
- Complete Chapter 4 Exercises: E4-1, E4-2, E-4-4, E4-5, E4-6, E4-7–Required (a), E4-8, and E4-9
- Complete Chapter 4 Problems: P4-2 and P4-6
- Complete Chapter 4 Cases: C4-2

View the following PowerPoint presentation:

- [Budgetary Accounting and Reporting](#)

As you are viewing this presentation, please pay attention to the following:

- minimum budget information
- journal entries for recording the budget
- journal entries for making adjustments to the budget
- journal entries for recording encumbrances
- journal entries for next fiscal year for encumbrances
- overall budgeting process

Financial Statements for Governmental and Nonprofit Entities

Governments and nonprofit organizations (particularly governments) are subject to more stringent financial reporting requirements than in the private business sector. The GASB establishes financial reporting standards and requirements for state and local governments including governmental not-for-profit organizations; the FASB sets reporting standards for nongovernment (non-SLG) not-for-profit organizations.

Prepare and Analyze Financial Statements

This topic illustrates and explains the financial reporting requirements for governmental and nongovernmental not-for-profit entities as required by the Government Accounting Standards Board (GASB).

This topic addresses the following competency:

- **Competency 3029.1.3: Financial Statements for Governmental and Nonprofit**



Entities

The graduate prepares and analyzes financial statements for governmental and nonprofit entities in accordance with Government Accounting Standards Board (GASB) standards.

This topic highlights the following objectives:

- Describe the requirements of the GASB for financial reporting of governmental entities.
- Describe the requirements of the GASB for financial reporting of nonprofit entities.
- Identify key differences in the formats of the state and local government funds financial statements.
- Determine the fund balance for a given scenario.
- Determine the excess of revenues over expenditures.
- Determine changes in fund balance.
- Recognize basic financial statements for governmental entities.
- Describe the data found in the government-wide financial statements.
- Identify the note disclosure recommendation by the GASB as part of a presentation of basic financial statements.
- Identify budgetary information that should be disclosed in the financial statements of governmental and nonprofit entities.
- Identify the components of a comprehensive annual financial report.
- Explain how activities of governmental-type funds are presented in financial statements.
- Explain how activities of proprietary-type funds are presented in financial statements.
- Explain how activities of trust- and agency-type funds are presented in financial statements.
- Explain how fixed assets of governmental entities are presented in financial statements.
- Explain how long-term liabilities of governmental entities are presented in financial statements.

Read: "State and Local Government Accounting and Financial Reporting Model: The Foundation"

Chapter 2 identifies key differences in formats of state and local government funds financial statements.

As you complete the activities below, pay attention to the following key points:

- comparative financial statement formats
- operating statements
- balance sheets
- illustrations 2-10 through 2-12

Access [Chapter 2: "State and Local Government Accounting and Financial Reporting Model: The Foundation"](#) in *Governmental and Nonprofit Accounting* and complete the following activities:

- Read pages 51–58



- Complete Chapter 2 Questions: Q2-12–Q2-15
- Complete Chapter 2 Exercises: E2-6–E2-9

Read: "The General Fund and Special Revenue Funds"

Chapter 3 describes fund balance changes and requirements for general fund and special revenue funds. After reading this chapter you should be able to determine the fund balance for general and special revenue funds.

As you complete the activities below, pay attention to the following key points:

- fund balance reporting classifications
- illustration 3-6: Fund Balance Classifications
- non-spendable fund balance
- assigned fund balance
- unassigned fund balance
- statement of revenues, expenditures, and changes in fund balances

Access [Chapter 3: "The General Fund and Special Revenue Funds"](#) in *Governmental and Nonprofit Accounting* and complete the following activities:

- Read pages 87–100

View the following video:

- [Net Position and Fund Balance \(23:40\)](#)
- Complete Chapter 3 Exercises: E3-3 and E3-4
- Complete Chapter 3 Problems: P3-6 and P3-8

Read: "Financial Reporting: The Basic Financial Statements and Required Supplementary Information"

Chapter 13 covers the basic financial statements of governmental entities, describes data found in government-wide financial statements, and identifies note disclosures to the basic financial statements of governmental entities. In addition, this chapter demonstrates how activities of governmental type, proprietary type, and trust and agency type funds, fixed assets of governmental entities, and long-term liabilities are presented in the financial statements.

As you complete the activities below, pay attention to the following key points:

- basic financial statements overview
- government-wide financial statements
- governmental funds financial statements
- proprietary funds financial statements
- fiduciary funds financial statements
- notes to the financial statements
- major fund reporting



- major fund formats
- measurement focus

Access [Chapter 13: "Financial Reporting: The Basic Financial Statements and Required Supplementary Information"](#) in *Governmental and Nonprofit Accounting* and complete the following activities:

- Read pages 510–541

View the following video:

- [Major Funds and Fund-Level Reporting \(7:24\)](#)
- Complete Chapter 13 Questions: Q13-1–Q13-11
- Complete Chapter 13 Exercises: E13-1–E13-5

Search: Different Financial Statements for State or Local Governments

The purpose of this activity is to help you recognize the basic financial statements of governmental entities and how to describe data found in financial statements. After completing this activity, you should be able to describe how data in governmental, proprietary, trust, and agency type funds are presented in the financial statements. In addition, you should be able to describe how fixed assets and long-term liabilities of governmental entities are presented in the balance sheet.

Access the Internet and locate the basic financial statements (Comprehensive Annual Financial Report-CAFR) for the year 2013 of the 4 different state and local governments from the links below:

- [Houston, TX](#)
- [Salt Lake City, UT](#)
- [State of Missouri](#)
- [State of Indiana](#)

For this activity, answer the following questions with respect to the financial statement location:

- Do any of the state or local governments report negative balances of unrestricted net position for governmental activities? For business-type activities?
- What classifications of program revenues are presented? Do any present more than the minimum required classifications?
- Do any of the governments present indirect expenses in a separate column?
- Do the governments discuss all required topics in Management's Discussion and Analysis? Do any include additional topics?
- What funds are reported as major funds? How many major funds does each government present?
- What types of reconciling items are included in the reconciliations of fund balance and changes in fund balance in the governmental fund financial statements and net position



and changes in net position for governmental activities in the government-wide financial statements?

- How do the statements differ from what you expected based on your study of this chapter?
- Locate the basic financial statements (Comprehensive Annual Financial Report — CAFR) of the county, city, or state you reside in and answer the questions above as it relates to these financial statements.

Read: GASB Statement No. 34

This activity will familiarize you with information found in GASB statements. After completing this activity you should be able to describe the requirements of the GASB for complete financial reporting for governmental entities.

As you complete the listed material below, pay attention to the following key points:

- minimum requirements
- funds overview and definitions
- governmental and Proprietary fund financial statements
- major funds focus on reporting

Review the standards below from the [GASB.org](https://www.gasb.org) website:

- Read pages 4–5 and 25–28 in "[Statements of Governmental Accounting Standard Statement No. 34](#)"

As you are reading, reflect on the following questions:

- What are the minimum requirements for financial reporting for governmental entities?
- What is the difference between major funds and non-major funds?
- What are the major fund reporting requirements for governmental entities?
- What is the main operating fund of a governmental entity?

Read: "Financial Reporting: The Comprehensive Annual Financial Report and the Financial Reporting Entity"

Chapter 15 explains and illustrates the presentations that comprise the Comprehensive Annual Financial Report (CAFR) that is required by the GASB. After reading this chapter you should be able to identify the components of CAFR.

As you complete the activities below, pay attention to the following key points:

- introductory section
- financial section
- statistical section
- auditor's report
- required and supplementary information
- illustration 15-1



- illustration 15-2

Access [Chapter 15: "Financial Reporting: The Comprehensive Annual Financial Report and the Financial Reporting Entity"](#) in *Governmental and Nonprofit Accounting* and complete the following activities:

- Read pages 603–614

View the following video:

- [Determining the Financial Reporting Entity \(9:24\)](#)
- Complete Chapter 15 Questions: Q15-1–Q15-6
- Complete Chapter 15 Exercises: E15-1 and E15-2

Access: The Comprehensive Annual Financial Report (CAFR) of a State or Local Government

Access the internet and locate the CAFR for the fiscal year ending September 30, 2013, for the [City of Carrollton, Texas](#). Evaluate the contents of the CAFR based on illustration 15-1 in the e-text. Include in your brief analysis your observations with respect to:

1. Introductory Section
 - a. Are the components required by the GASB present?
 - b. What other items are included?
 - c. Overall, how useful do you think this section is to the CAFR users?
2. Financial Section
 - a. Auditor's report
 - i. Compare this section to the report of independent auditors in illustration 15-2 on page 607 in *Governmental and Nonprofit Accounting*. How is it similar? How does it differ?
 - ii. Do any aspects of the report differ from what you expected? Explain.
 - b. Basic Financial Statements
 - i. Are all required Basic Financial Statements present? Do you observe any statements or statement items that differ from what you expected? Explain.

Final Steps

Congratulations on completing the activities in this course! You are now prepared to complete the associated assessment. If you have not already been directed to complete it, schedule and complete the assessment now.