

Accounting and Reporting for Government

5th Edition

Table of Contents

Chapter 1 – Fundamentals of Governmental Accounting and Financial Reporting	1
Learning Objectives	1
Introduction.....	1
Unique Features of Government	1
Characteristics of Nonbusiness Entities.....	1
Differences between Governmental and Private Sector Accounting.....	2
Accounting Method	4
Background of Governmental Accounting Standards.....	4
Role of the Budget	5
Auditing Governmental Entities	6
Fund Accounting.....	7
Basic Rules	7
Types of Funds.....	8
Basis of Accounting and Measurement Focus.....	11
Accrual Basis.....	11
Modified Accrual Basis.....	12
Financial Statements	13
Elements	13
Format.....	13
Revenue Recognition.....	18
Property Taxes	20
Interest on Investments and Delinquent Taxes.....	21
Income Taxes and Sales taxes	21
Miscellaneous Revenue	21
Grants, Entitlements, and Shared Revenue.....	22
Expenditure Accounting	22
The Expenditure Process.....	22
Outstanding Encumbrances	25
Accounting for Inventories.....	29
Purchase Method.....	30
Consumption Method.....	30
Accounting for Fixed Assets.....	30
Basic Rules	30
Works of Art and Historical Treasures	31
Asset Retirement Obligations.....	32
Long-Term Debt.....	33
Lease Accounting	33
Investments	35
Interfund Activities	36
Loans	38
Services Provided and Used	39
Transfers	39
Reimbursements.....	40
Comprehensive Illustration of General Funds.....	40
Adoption of the Budget	41
Property Tax	42
Other Revenue	43
Expenditures.....	44
Acquisition of Capital Asset.....	44
Interfund Activities	45
Adjusting Entries.....	46
Closing Entries	46
Financial Statements	47
Chapter Summary.....	50

Table of Contents

Review Questions.....	51
Review Answers	54
Chapter 2 – Special Funds and Financial Reporting Models.....	59
Learning Objectives	59
Introduction.....	59
Overview	59
Special Revenue Funds.....	62
Capital Projects Funds.....	64
Comprehensive Illustration of Capital Project Funds.....	66
Receipts of Resources.....	66
Encumbrances, Expenditures and Disbursement of Resources.....	67
Closing Entries	67
Debt Service Funds	68
Comprehensive Illustration of Debt Service Funds	70
Appropriations	70
Revenue Recognition.....	70
Expenditures.....	71
Closing Entries	71
Permanent Funds	72
Comprehensive Illustration of Permanent Funds	72
Investment and Interest.....	72
Expenditures.....	72
Major Fund Reporting Requirements.....	73
Basic Rules	73
10 Percent Criterion Tests	76
5 Percent Criterion Tests	76
Proprietary Funds	76
Basic Rules	76
Enterprise Funds	80
Comprehensive Illustration of Enterprise Funds	81
Internal Service Funds.....	84
Comprehensive Illustration of Internal Service Funds.....	85
Fiduciary Funds.....	87
Basic Rules	87
Trust Funds	91
Custodial Funds.....	94
The Annual Comprehensive Financial Report.....	95
Basic Rules	95
Government-Wide Financial Statements	97
Reconciliation Schedules	101
Budgetary Comparison Schedule.....	103
Management’s Discussion and Analysis.....	104
Notes to the Government-Wide Financial Statements.....	104
Comprehensive Illustration of Note Disclosures Related to Debt.....	105
Additional Considerations	107
Special-Purpose Governmental Entities	107
Government Combinations	108
Nonexchange Financial Guarantees	108
Pensions and Other Postemployment Benefits Plans	109
Chapter Summary.....	113
Review Questions.....	114
Review Answers	117
Glossary.....	121
Index	137