Chapter 1

Financial Reporting for Governmental & Not-for-Profit Entities
Differences Between Business & Nonbusiness Organizations

- Purpose
- Source of Resources
- Accountability
- Reporting Complexities
- Marketplace
Nonbusiness

- Governmental
- Nonprofit
Standard Setting

FAF

FASAC → FASB
GASB ← GASAC
Relevant Standards

- GAAFR
- GASB Pronouncements
- FASB Pronouncements
- AICPA
Governmental Entity?

- Impose Taxes/Tax Exempt Debt
- Citizen Election / Appointment
- Unilateral Dissolution
Governmental Entity

- General Purpose Government
  - Many categories of service
- Limited Purpose Government
  - Single or few services
Accountability

- Interperiod Equity
- Budgetary & Fiscal Compliance
- Service Efforts & Accomplishments
General Purpose
Financial Reporting

- Comprehensive Annual Financial Report (CAFR)
  - Introduction Section
  - Financial Section
  - Statistical Section
Introduction Section

- Title Page / Content
- Letter of Transmittal
Financial Section

- Auditor’s Report
- MD&A
- Basic Financial Statements
- Other RSI
- Combining & Individual Statements
Two Kinds of Accountability

Fiscal vs. Operational Accountability
Fiscal
- Current Period
- Budget Compliance

Operational
- S-T & L-T Financial Position
- Cost of Services
Statistical Section

- Social / Economic Data
- Financial Trends
Fund Accounting

Trace Resources → Fund → Trace Resources

Fund A  Fund B  Fund C  Separate Entities