

Preface

For almost 60 years, *Accounting for Governmental and Nonprofit Entities* has been the leader in the market. It is a comprehensive governmental and not-for-profit accounting text written for students who will be auditing and working in public and not-for-profit sector entities. Originally published in 1951 and written by Professor R. M. Mikesell, this book—and the several subsequent editions revised by Professor Leon E. Hay—has given generations of instructors and students a comprehensive knowledge of the specialized accounting and financial reporting practices of governmental and not-for-profit organizations, as well as an understanding of how those organizations can better meet the information needs of a diverse set of financial statement users and decision makers. The vision of these original authors continues to be reflected in this 15th edition, and their strategy of providing a large and innovative set of instructional support materials prepared and tested in the classroom by the authors continues to be a guiding principle today. The current author team brings to this edition their extensive experience teaching government and not-for-profit courses as well as insights gained from scholarly writing and professional activities. The result is a relevant and accurate text that includes the most effective instructional tools.

ORGANIZATION AND CONTENT

The 15th edition of *Accounting for Governmental and Nonprofit Entities* is separated into three parts: Part I covers state and local governments (Chapters 2 through 10), Part II focuses on accountability for public funds (Chapters 11 through 13), and Part III examines not-for-profit organizations (Chapters 14 through 17). Chapter 1 continues to form a broad foundation for the more detailed material in Chapters 2–17. The order of the chapters is similar to previous editions, but some topics and chapters have been rearranged to facilitate a variety of courses and formats used by adopters of the text. For example, a course focused on state and local governments may cover Chapter 1 and Parts I and II, while a course focused on not-for-profit organizations may cover Chapter 1 and Parts II and III. Part II is a bridge between the public and not-for-profit sectors that includes accountability topics (e.g., federal government, auditing, and budgeting) applicable to all types of entities that receive public funds.

KEY CHANGES IN THIS EDITION

As always, readers can count on this edition to include authoritative changes from the Financial Accounting Standards Board, Governmental Accounting Standards Board, Federal Accounting Standards Advisory Board, American Institute of Certified Public Accountants, Office of Management and Budget, Internal Revenue Services, and Government Accountability Office. Update bulletins will be provided periodically on the text Web site as new authoritative statements are issued.

Several significant changes have been made in this edition of the text. The sample financial statements have been moved to an appendix in Chapter 1 and the management's discussion and analysis (MD&A) has been moved to an appendix in Chapter 9 for easier reference. A new appendix on managing investments has been added to Chapter 8. In a slight reorganization of coverage, what was formerly Chapter 11, "Auditing of Governmental and Not-for-Profit Organizations," is now Chapter 12. This

chapter also has been modified to increase its focus on generally accepted governmental auditing standards. In Chapter 13, more emphasis has been placed on performance given the unique nature of governments. In addition, an appendix on cost and budget issues in grant accounting has been added to Chapter 13. Illustrative financial statements for the American Heart Association and related discussion have been incorporated into Chapter 14.

In addition to these changes, all chapters have been updated to reflect changes in the areas of accounting and auditing affecting governments and not-for-profit entities. Based on comments received and the collective experience of the authors, some items in this edition have received increased attention (e.g., major funds and postemployment benefits). A most significant enhancement is that this edition now features a second computerized practice set, the City of Bingham, which is equally as comprehensive and effective as the widely used City of Smithville practice set. Both practice sets are now downloadable from the publisher's Web site (for more information, see inside the front cover of this text).

INNOVATIVE PEDAGOGY

For state and local government accounting, the authors have found that *dual-track* accounting is an effective approach in showing the juxtaposition of government-wide and fund financial statements in GASB's integrated model of basic financial statements. It allows students to see that each transaction has an effect on the fund financial statements (that are designed to show fiscal compliance with the annual budget), on the government-wide financial statements (that demonstrate accountability for operational performance of the government as a whole), or both. This approach better serves students who will design and use accounting information systems, such as enterprise systems, to allow information to be captured once and used for several purposes. Accounting for federal agencies as well as nongovernmental, not-for-profit entities closely parallels this approach as traditional fund accounting may be appropriate for keeping track of resources with restricted purposes, but citizens and donors also need to see the larger picture provided by the entity as a whole. The dual-track approach is further described inside the front cover of this text.

Governments may continue to prepare fund-based statements throughout the year and convert to accrual-based government-wide statements at the end of the year until they invest in information systems that can deliver real-time information for decision making. We want students to think beyond being transaction-bookkeepers and aspire to design and use the systems that will make government-wide financial information available when managers and citizens need it. The City of Bingham and City of Smithville Continuous Computerized Problems are teaching tools that develop these skills and perspective. The authors feel so strongly that this general ledger software tool helps students understand the material that we again provide it with the text. Students have enthusiastically told us that they like "learning by doing" and that these continuous computerized problems helped them to understand the concepts in the book.

TARGET AUDIENCE

The text continues to be best suited for senior and graduate accounting majors who plan to sit for the certified public accountant (CPA) exam and then audit governmental or not-for-profit entities. Public administration and other students who plan to provide financial management or consulting services to government and not-for-profit entities report that the text provides a more comprehensive set of competencies than traditional

public budgeting texts. Students in not-for-profit management education programs find that the coverage of accounting, financial reporting, auditing, taxation, and information systems for both governmental and not-for-profit entities provides the exposure they need to work across disciplines and sectors. Finally, students preparing for the certified government financial manager (CGFM) exam will also find Chapters 1 through 12 useful for Examination 2. We encourage all students who use this book to consider the challenges and rewards of careers in public service—in federal, state, and local governments as well as not-for-profit organizations.

SUPPLEMENT PACKAGE

The following ancillary materials are prepared by the authors to ensure consistency and accuracy and are available on the Instructor's Resource CD-ROM and/or the textbook's Web site, www.mhhe.com/wilson15e.

- Instructor's Guide and Solutions Manual.
- PowerPoint lecture presentations.
- Test Bank (including a computerized version using Diploma software).
- The City of Bingham and City of Smithville Continuous Computerized Problems—general ledger practice sets, downloadable from the publisher's Web site.
- The City of Bingham and City of Smithville Instructor's Version software, providing guidance for instructors, solution data files, and solution page image (.pdf) files for all required financial statements, schedules, and reports.

Students can access the PowerPoint lecture presentations, flashcards of key terms, and multiple-choice practice quizzes for each chapter at the Online Learning Center on the text's Web site, www.mhhe.com/wilson15e.