

Contents

	Preface	vii
Chapter 1	Introduction and Background	1
	What Are Generally Accepted Accounting Principles?	1
	Who Sets Generally Accepted Accounting Principles for Governments?	5
	Do Governments Need to Comply with Generally Accepted Accounting Principles?	9
	Why Is Governmental Accounting and Financial Reporting Different from Commercial and Not-for-Profit Accounting and Financial Reporting?	11
	To What Entities Do Governmental Generally Accepted Accounting Principles Apply?	16
Chapter 2	Basic Governmental Accounting Concepts	19
	Understanding the Different Bases of Accounting	20
	Understanding What Measurement Focuses Are Used by Governments	26
	Defining and Understanding the Nature of Assets	29
	Defining and Understanding the Nature of Liabilities	43
	Defining and Understanding the Nature of Net Assets	49
Chapter 3	Understanding Fund Accounting	53
	Fund Fundamentals	54
	Governmental Funds	57
	Proprietary Funds	74
	Fiduciary Funds	81
Chapter 4	Basics of Governmental Financial Statements	86
	General-Purpose Financial Statements	87
	Management's Discussion and Analysis	87
	The Basic Financial Statements	91
	Required Supplementary Information	132
	Comprehensive Annual Financial Report	134

Chapter 5	Understanding the Reporting Entity	143
	Background	144
	Accountability Focus	145
	Financial Reporting Entity Defined	146
	Display of Component Units	157
Chapter 6	Revenues from Nonexchange Transactions	165
	Classes of Nonexchange Transactions	166
	Accounting Requirements	168
	Property Taxes	171
	Income and Sales Taxes, and Other Derived Tax Revenues	173
	Adjustments for the Accrual Basis of Accounting	176
	Grants and Other Financial Assistance	178
Chapter 7	Capital Assets	183
	Where Are Capital Assets Recorded in the Financial Statements?	184
	Recording and Valuing Capital Assets	185
	Understanding Depreciation	190
	Using the Modified Approach in Lieu of Depreciating Infrastructure Assets	194
	The Basics of Capitalized Interest	198
	Capital Assets Resulting from Capital Lease Transactions	203
	Impairments of Capital Assets	212
Chapter 8	Accounting for Pensions	219
	GASBS 27 Requirements for Defined Benefit Plans	221
	Calculation of the ARC	224
	Parameters for Actuarial Calculations, Including the ARC	225
	Net Pension Obligation	234
	Recording Pension-Related Assets, Liabilities, and Expenditures/Expenses	234
	Pension Disclosures	236
	Employers with Defined Contribution Plans	236
Chapter 9	Sundry Accounting Topics	238
	Accounting for Investments	238
	Reporting Unrealized Gains or Losses	241
	Investment and Deposit Disclosures	242
	Compensated Absence Accruals	243
	Landfill Closure and Postclosure Care Costs	251

Derivatives, Including Interest Rate Swaps	254
Securities Lending Transactions	260
Chapter 10 Upcoming Developments in Governmental Accounting	265
Other Postemployment Benefits	266
Economic Condition Reporting—Statistical Section	267
Derivatives and Hedging	269
Pollution Remediation Obligations	269
Net Asset and Fund Balance Reporting	270
Service Efforts and Accomplishments (SEA) Reporting	270
Index	271