

**University of Pittsburgh**  
**Katz Graduate School of Business**  
**BACC 2558: Nonprofit and Governmental Accounting**  
**SPRING 2014: T/H 2:30 PM – 3:50 PM**

**Instructor:** Karen Shastri  
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**Office Hours:** Tues/Thurs 12:30 PM – 2 PM  
276D Mervis Hall, or by appointment

**Required Textbook:**

Granof, Michael H., Government and Not-for-Profit Accounting: Concepts and Practices, Sixth Edition, Wiley.

**Course Objective:**

This course focuses on financial reporting and disclosure for nonprofit and governmental entities based on the standards and principles promulgated by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). Students will learn how such entities prepare their financial reports and how to interpret and use such information. The course covers financial reporting for not-for-profit entities, balancing the focus on internal operations with fiduciary responsibility. In addition, the course examines the objectives of financial reporting for governmental units and the preparation and use of the financial statements for such entities. A sample of specific entities will be reviewed to illustrate the preparation and use of their financial statements.

This area is becoming increasingly more important as most governments and not-for-profit organizations actively seek to improve their ability to provide vital services and information more efficiently and effectively. As a result, the governmental and not-for-profit sectors provide a growing market for public accounting firms in providing accounting, auditing, and consulting services. Opportunities for professional accounting and auditing careers in government continue to grow as well. Most of you can expect to have some involvement with government and not-for-profit entities during your professional careers, either as a Controller/CEO of a governmental/NFP entity, as a Controller/CEO of a for-profit entity that interfaces with a governmental/NFP entity, as an auditor with a public accounting firm or State Auditor, or as an accountant or financial manager with such an entity, be on the Board of an NFP or even hold a public office. Accordingly, the Uniform Certified Public Accountant Examination has placed more emphasis on this area in recent years. Approximately twenty-five percent of one of the four parts of the CPA exam is now devoted to governmental and not-for-profit entity accounting. In addition, the Auditing part of the exam usually contains questions on the auditing requirements unique to governmental and nonprofit entities. In June 1999, the Governmental Accounting Standards Board issued GASB Statement No. 34 which ushered in profound changes in governmental accounting and financial reporting as it was implemented. This GASB reporting model is covered on the CPA Exam.

**Class Format:** The class involves lectures, a software project, quizzes, and an article discussion, a presentation that focuses on the operations and decision making of a nonprofit entity or a municipal government as well as the financial ramifications.

**Grading:** Your grade will be determined based on the following weights:

Article discussion	5%
Quizzes (5)	50%
Presentation	25%
Computerized Project - Sage Software	15%
Class Participation	<u>5%</u>
Total	<u>100%</u>

**Article discussion:** The current press is rife with articles related to NFPs and governmental entities. Each student will discuss an article found in the press. This **five minute** discussion will include a summary of the article and how it impacts the entity under consideration. When discussing an article, it is not necessary to have many PowerPoint slides – just talk about the issue at hand, the method to work with the issue and your opinion of the outcome of the issue. The grade for an article discussion that runs over the five minute limit for the presentation will be negatively affected by the time overrun.

A sign-up sheet will be passed around the class for choosing a specific date. Signing up for an earlier date will be considered advantageous in terms of your grade.

**Quizzes:** There will be six quizzes during the semester, each is worth 10%. The lowest quiz grade will be dropped. All quizzes must be taken on the scheduled dates and no make-ups will be given since you are allowed to drop the lowest quiz grade.

**Presentation:** As we all know, the City of Pittsburgh installed coinless parking meters. These have provided the City with benefits and costs, in an attempt to improve the financial outcomes for this municipality. UPMC has a conflict with the city and county in that it is a NFP and pays no property taxes. Many municipalities and NFPs have taken on new ventures or faced problems based on their managerial decisions. These have had an impact on the organization's financial health.

Your group presentation will focus on a specific issue that you have identified for a nonprofit or a municipality. The topic of the presentation must be approved by me before you undertake this project. Further, you will work closely with me on this presentation so that what is presented is approved before the presentation.

You will discuss the problem and its link to the entity's financial health. As a result, a careful **financial and strategic** analysis should be conducted. Each presentation will last for approximately 15 minutes.

Part of the grade associated with this assignment will be provided by your group members. Assignment details are on page 5 of this outline.

**Computerized Transaction Project:** The link for *Sage Accounting* software is included with the text. This software will be used to input transactions for entities. Please make sure that you are able to download and access the software by January 15<sup>th</sup>. You should inform me if you have any problems by that date. Details regarding the project, including due date, will follow shortly.

**Problem Assignments and Class Participation:** Problems from the chapters are attached to this course outline on page 4. These problems will be discussed in class on the date specified. **Your participation grade will largely depend on your input for the solutions to these problems.**

**Continuing Problem: City of Austin:** A “continuing problem” has been assigned for each of the chapters in which one is included. This problem requires that you review the comprehensive annual financial report (CAFR) of Austin, Texas for FYE September 30, 2011. The report is available on the “web.”

<https://assets.austintexas.gov/financeonline/downloads/cafr/cafr2011.pdf> and a pdf copy is also posted on Blackboard. In answering the questions included in these problems, please be brief and include the page or schedule in the CAFR that you used to answer the questions.

**Additionally,** I will be referring to the Pittsburgh CAFR from time to time – which you can also download at [http://apps.pittsburghpa.gov/co/2012City\\_Of\\_Pittsburgh\\_CAFR.pdf](http://apps.pittsburghpa.gov/co/2012City_Of_Pittsburgh_CAFR.pdf) and also to the UPMC annual report at <http://www.upmc.com/about/finances/Documents/2013-audited-financials.pdf>.

The course will move rapidly. **You are expected to attend classes and be prepared to PARTICIPATE.** Your input is valuable for me as well as your peers.

**Classroom decorum:** While using your laptop computers to take notes, please do not work on material from other courses or other business, surf the web, read or respond to email, or receive or send instant messages while in class. It is especially important that you not email or send messages to your classmates while in class.

Please turn off cell phones when you are in the classroom unless you are expecting a call regarding a medical emergency, and then you should sit near a door so that you can quickly leave the classroom if necessary.

Please come to class on time and do not leave and enter the classroom while class is in session. Previous students have indicated that they find late arrivals and students coming and going during class to be disruptive. Of course, I recognize that there are times that a student must leave the classroom. Please do so only if absolutely necessary, and then with as little disruption as possible.

The class will be better for all of us if everyone abides by the courtesies requested above.

**Academic Integrity:** Students are expected to adhere to the University of Pittsburgh Policy on Academic Integrity. While you are encouraged to work together on assigned problems if you find that helpful, all students involved must make significant contributions. All work on exams must be yours alone. Any violations of academic integrity will be dealt with in accordance with University policies and procedures.

**Disability:** If you have a disability for which you are or may be requesting an accommodation, you are encouraged to contact both your instructor and Disability Resources and Services (DRS), 216 William Pitt Union, (412) 648-7890/(412) 383-7355 (TTY), as early as possible in the term. DRS will verify your disability and determine reasonable accommodations for this course.

**Class Schedule:** I reserve the right to revise as needed and to accommodate guest speakers.

Date	Topic	Date for Problem Reviews	Assigned Problems	
9-Jan	Chapter 1: Introduction			
14-Jan	Chapter 2: Fund Accounting	21-Jan	E5 and 6, P1 and 9	Continuing Problem
16-Jan	Chapter 2: Fund Accounting			
21-Jan	Review of Chapter 2 Assigned Problems			
21-Jan	Chapter 11: Reporting, Disclosure and Financial Analysis	28-Jan	P6 and 7	Continuing Problem
23-Jan	<b>Quiz #1: Chapters 1 and 2</b>			
23-Jan	Chapter 11: Reporting, Disclosure and Financial Analysis			
28-Jan	Review of Chapter 11 Assigned Problems			
28-Jan	Chapter 12: Nonprofit Organizations	6-Feb	P1, 4 and 5	
30-Jan	No class - PD Day			
4-Feb	Chapter 12: Nonprofit Organizations			
6-Feb	Review of Chapter 12 Assigned Problems			
6-Feb	Chapter 3: Budgeting and Control	13-Feb	E3 and 6, P 5 and 6	Continuing Problem
11-Feb	<b>Quiz #2: Chapters 11 and 12</b>			
11-Feb	Chapter 3: Budgeting and Control			
13-Feb	Review of Chapter 3 Assigned Problems			
13-Feb	Chapter 4: Revenues in Governmental Funds	20-Feb	P4, 5 and 12	Continuing Problem
18-Feb	<b>Quiz #3: Chapter 3</b>			
18-Feb	Chapter 4: Revenues in Governmental Funds			
20-Feb	Review of Chapter 4 Assigned Problems			
20-Feb	Chapter 5: Expenditures in Governmental Funds	27-Feb	P1, 4 and 5	Continuing Problem
25-Feb	Chapter 5: Expenditures in Governmental Funds			
27-Feb	Review of Chapter 5 Assigned Problems			
27-Feb	Chapter 6: Accounting for Capital Projects and Debt Service	6-Mar	P4 and 7	Continuing Problem
4-Mar	<b>Quiz #4: Chapter 4 and 5</b>			
4-Mar	Chapter 6: Accounting for Capital Projects and Debt Service			
6-Mar	Review of Chapter 6 Assigned Problems			
6-Mar	Chapter 7: Capital Assets and Investments	20-Mar	P2 and 9	Continuing Problem
11-Mar	Spring Break			
13-Mar				
18-Mar	Chapter 7: Capital Assets and Investments			
20-Mar	Review of Chapter 7 Assigned Problems			
20-Mar	Chapter 8: Long Term Obligations	25-Mar	P4 and 7	Continuing Problem
25-Mar	Review of Chapter 8 Assigned Problems			
25-Mar	Chapter 9: Business Type Activities	1-Apr	P1 and 4	Continuing Problem
27-Mar	<b>Quiz #5: Chapters 6, 7 and 8</b>			
27-Mar	Chapter 10: Fiduciary and Permanent Funds	3-Apr	P1 and 5	Continuing Problem
1-Apr	Review of Chapter 9 Assigned Problems			
1-Apr	Chapter 10: Fiduciary and Permanent Funds			
3-Apr	Review of Chapter 10 Assigned Problems			
3-Apr	Chapter 16: Auditing Governments and NFP Organizations			
8-Apr	Chapter 16: Auditing Governments and NFP Organizations			
10-Apr	<b>Quiz #6: Chapters 9, 10 and 16</b>			
10-Apr	Student presentations			
15-Apr	Student presentations			
17-Apr	Student presentations			
22-Apr	Student presentations			

<b>Other Dates:</b>				
<b>Friday, January 17</b>	Spring term add/drop period ends			
<b>Friday, March 7</b>	Spring term deadline for students to submit Monitored Withdrawal forms to dean's office			
<i>Appeal for Late Withdrawal:</i> A student may withdraw from any courses, due to extenuating circumstances, by petitioning the Dean of the academic center offering the course. The student should contact his or her academic advisor for further instructions.				

**Student Presentation Information:**

Students should work on the presentation in **groups of three to four**. Groups should be diverse in terms of background, ethnicity, strengths, weaknesses, etc. You should not form groups that include only your friends, but rather you should seek out students you may not have worked with before and try to learn from each other.

All members of a group must participate actively in the preparation and delivery of the presentation. Presentations will be evaluated in terms of: 1) accuracy and completeness of content, 2) clarity of presentation slides, and 3) quality/style of the presentation itself (i.e., was the material presented in a manner that allowed the audience and instructor to understand the main points). To ensure active participation of all members in the project, each group member will evaluate his/her own and the other two group members' input into their project. These peer evaluations will be considered when assigning grades for the presentation.

**Important deadlines for presentation projects (NOTE: failure to meet these deadlines will result in a reduction in your presentation grade):**

***Friday, 1/24:***

All groups should have selected their **topic and entity** and submitted to me, by this date at the latest. When you submit your topic and company, please make sure you also **include the names of your group members**. You can notify me of the three members in your group earlier, but you must notify me by this date at the latest. We will keep a central list of topics to ensure that topics are not excessively redundant. An updated list of group members and topics will be posted to CourseWeb periodically so that you can check it to avoid excessive overlap. If I find too much overlap, I may need to tell groups who request a topic after another group has already requested it that they need to find a new topic. Groups who select related, but still sufficiently different, topics will need to coordinate to avoid excessive overlap in their presentations.

***10 Points***

***Friday, 2/7:***

Bullet point outline of the presentation must be submitted  
***20 points --- including correct grammar and formatting***

***Friday, 3/7***

Draft of your presentation PowerPoint slides must be submitted, along with a separate sentence or two describing the purpose/point of **each** slide.

***50 points – including correct grammar and formatting***

***Monday, 3/18:***

I will provide each group with comments/suggestions on their draft presentation by this date. If necessary, I may ask to meet with your group sometime between 3/16 and 4/1 to clarify any concerns I have. This will give you time to make any necessary changes before you give the presentations. Presentations will be given in class between 4/10 and 4/22 (see class schedule). Each group will be assigned a specific date for their presentation after 2/7, by which time all groups will have been formed and all topics and entities will have been approved.

**TOTAL POINTS:**

***Presentations --- 150 points (INCLUDING POINTS LISTED ABOVE)***  
***Group Evaluations --100 points***  
***TOTAL --- 250 POINTS***