
Accounting for Governmental and Nonprofit Entities



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Preface

The first two editions of this text (published in 1951 and 1956) were written by Professor R. M. Mikesell of Indiana University–Bloomington. The senior author of this tenth edition joined Professor Mikesell as coauthor of the third and fourth editions (1961 and 1969). After Professor Mikesell's death in 1972, the senior author prepared the fifth (1974), sixth (1980), seventh (1985), and eighth (1989) editions with the help and suggestions of many good friends, but without a coauthor. Because of the rapid pace of change in financial reporting standards and auditing standards for state and local governments in the United States, the federal government, and not-for-profit organizations, Dr. Earl R. Wilson of the University of Missouri–Columbia became a coauthor beginning with the ninth edition of *Accounting for Governmental and Nonprofit Entities*.

The pace of change in financial reporting standards and in auditing standards for governments and for not-for-profit organizations is expected to be as rapid in the next three years as it has been during the past three years. Accordingly, it is anticipated that there will be a need for an eleventh edition of this text in 1997 or 1998. During the life of the tenth edition, the authors will prepare Update Bulletins as needed to inform adopters of this text of changes in the standards explained and illustrated in the tenth edition, as necessitated by new pronouncements of the Governmental Accounting Standards Board, the Financial Accounting Standards Board, federal government standards setters, and the American Institute of Certified Public Accountants.

As was true of each previous edition, the authors owe a debt of gratitude to the many professors, students, and governmental financial report users, preparers, and auditors who have shared their knowledge, experience, and views on governmental and not-for-profit organization accounting and financial reporting. In the preparation of this edition the authors are greatly indebted to the standards-setters themselves, especially to James F. Antonio, Chairman; Martin Ives, Vice-Chairman; and David Bean, Director of Research; all of the Governmental Accounting Standards Board.

Many professors who were thanked by name in the Prefaces to earlier editions have continued to give generously of their time and efforts in improving explanations in chapters of the text and improving the wording of questions, exercises, problems, and answers and solutions. In addition, a number of professors have provided valuable suggestions that have helped achieve significant improvements in the forthcoming Third Edition of the *City of Bingham Continuous Problem Adapted for Microcomputer Solution*.

Bruce K. Michelson of the U.S. General Accounting Office, J. Thomas Luter of the U.S. Department of Treasury, and Robert Bramlett of the Federal Accounting Standards Advisory Board were very helpful in reviewing drafts of Chapter 15 of the text and providing excellent suggestions for improvement. The authors also gratefully acknowledge the assistance of Bridget M. Anderson, KPMG Peat Marwick; Robert T. Forrester, Coopers & Lybrand; Tom Gray, Healthcare Financial Management Association; Wayne McDanal, Federal Energy Regulatory Commission; Ruth Ann Robinson, United Way of America; and David S. Smarr, University of Missouri, for providing advice and resource materials used in the text. Bobbye S. Hay, CPA, contributed greatly to this and previous editions, both technically and personally. Florence J. Wilson also provided significant administrative assistance as well as much needed moral support. Laura Gripka and Karen Staggs devoted many hours to helping prepare the manuscript and ancillary materials for this edition of the text.

The authors appreciate the courtesy of the Government Accounting Standards Board in giving permission to quote their pronouncements and reproduce illustrations from their publications. The Government Finance Officers Association of the United States and Canada generously gave permission to use its published materials. The American Institute of Certified Public Accountants has also been very helpful by allowing use of questions and problems from the Uniform Certified Public Accountant Examinations and permitting quotations from its publications, particularly in the accounting and audit guide series. The International City/County Management Association contributed significantly to the material now in Chapter 13 by granting permission for use of its materials on financial analysis. In Chapter 21, the United Way of America graciously allowed the use of illustrations from *Standards of Accounting and Financial Reporting: A Guide for United Ways and Not-for-Profit Human Service Organizations*.

Although a number of persons helped refine the explanations in the chapters and the wording of the questions, exercises, and problems, it is probable that errors, inconsistencies, and ambiguities remain in this edition. As readers encounter errors of omission or commission in this text, we urge them to let us know so that corrections can be made. Additionally, every user of this edition who has suggestions or comments about the material in the chapters—or the questions, exercises, or problems—is invited to share them with us.

Leon E. Hay
Earl R. Wilson

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