



**Credit Hours:** 3

**Contact Hours:** This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

**Faculty Information:** Faculty contact information and office hours can be found on the faculty profile page.

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## **COURSE DESCRIPTION AND OUTCOMES**

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### **Course Description:**

This course explores the theories and application of authoritative guidance, rules, and regulations as they apply to governmental and not-for-profit entities. The course emphasizes the similarities and differences in the methods and procedures of government, for-profit, and not-for-profit entities. Topics include governmental accounting, accounting records in government, fund allocation, government-wide reporting, not-for-profit accounting, non-governmental not-for-profit accounting, and governmental performance measures.

### **Course Overview:**

Through this course, you will be provided with an awareness of the issues of government and not-for-profit accounting. It will help you understand such issues including revenue and expenditure recognition, assets and liability valuation, the scope of the reporting entity, and reporting cash flows, among other topics. You will also learn about current accounting and reporting standards as well as practices for governmental and not-for-profit entities. This course takes into account other Government Accounting Standards Board statements, applicable Financial Accounting Standards Board standards, AICPA Audit and Accounting Guides, as well as application of the Office of Management and Budget, and the Government Accountability Office issues.

### **Course Learning Outcomes:**

1. Describe the key unique characteristics of government and non-profit accounting.
2. Demonstrate an understanding of fund accounting and how to treat the different funds in relation to the required entries.
3. Articulate budgetary accounting and reporting practices.
4. Analyze the format and content of the fund financial statements and government-wide financial statements.
5. Assess and present knowledge of the timing of recognition and classification of revenues and expenses of non-government not-for-profit entities.
6. Prepare non-government not-for-profit organizational accounting and prepare financial statements.

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## PARTICIPATION & ATTENDANCE

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Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

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## COURSE MATERIALS

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### Required:

Reck, J. L., Lowensohn, S., & Wilson, E. R. (2019). *Accounting for governmental and nonprofit entities* (18th ed.). New York, NY: McGraw Hill. ISBN: 9781259917059

**NOTE:** All non-textbook required readings and materials necessary to complete assignments, discussions, and/or supplemental or required exercises are provided within the course itself. Please read through each course module carefully.

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## COURSE SCHEDULE

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### Due Dates

The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- **Discussion Boards:** The original post must be completed by Thursday at 11:59 p.m. MT and Peer Responses posted by Sunday 11:59 p.m. MT. Late posts may not be awarded points.
- **Critical Thinking:** Assignments are due Sunday at 11:59 p.m. MT.
- **Live Classroom:** Although participation is not required, Live Classroom sessions are held during Weeks 3 and 6.

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## WEEKLY READING AND ASSIGNMENT DETAILS

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### Module 1

#### Readings

- Chapters 1, 2, & 5 in *Accounting for Governmental and Nonprofit Entities*

#### Discussion (25 points)

#### Critical Thinking: Accounting Principles for Governments and Financial Statements (75 points)

Choose *one* of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

**Option #1:****Part A:**

Rainbow City had the following transactions during the year.

**Required:** Prepare the necessary journal entries in the appropriate governmental fund general journal and the government-wide governmental activities general journal for each of the following Rainbow City transactions.

1. The city received a donation of land that is to be used by Parks and Recreation to develop a public park. At the time of the donation, the land had an acquisition value of \$4,600,000 and was recorded on the donor's books at a historical cost of \$3,800,000.
2. The Public Works Department sold machinery with a historical cost of \$35,100 and accumulated depreciation of \$28,700 for \$7,000. The machinery had originally been purchased with special revenue funds.
3. A car was leased for the mayor's use. The first payment was \$1,000 and the present value of the remaining lease payments was \$27,000. (Note: the initial cash payment was made by the General Fund.)
4. During the current year, a Capital Projects Fund completed a new public safety building that was started in the prior year. The total cost of the project was \$10,720,000. Financing for the project came from a \$10,000,000 bond issue that was sold in the prior year and from a \$720,000 federal capital grant received in the current year. Current expenditures for the project totaled \$1,240,000. The full cost is attributed to the building because it was constructed on city-owned property.
5. The city records a half year of straight-line depreciation on capital assets placed in service during the year. The building in Item 4 has an estimated 30-year life with no salvage value.
6. Due to technological developments, the city determined that the service capacity of some of the technology equipment used by general government has been impaired. The calculated impairment loss due to technology obsolescence was \$896,000.

**Part B:**

In the current year, the building occupied by Surf Beach City's Culture and Recreation Department suffered several structural damage as a result of a hurricane. It had been 48 years since a hurricane had hit the Rainbow City area, although hurricanes in Rainbow City's geographic area are not uncommon. The building had been purchased 10 years earlier at a cost of \$2,000,000 and had accumulated depreciation of \$500,000 as of the date of the hurricane. Based on a restoration cost analysis, city engineers estimate the impairment loss at \$230,000; however, the city expects during the next fiscal year to receive insurance recoveries of \$120,000 for the damage.

**Requirements:**

- a. Should the estimated impairment loss be reported as an extraordinary item? Explain.
- b. Record the estimated impairment loss in the journal for governmental activities at the government-wide level.
- c. How should the insurance recovery be reported in the following fiscal year? (You do not need to provide journal entries.)

- Submit your responses to Part A in Excel format. The answers to Part B can be included on the spreadsheet or be submitted in a Word document.
- Show calculations for all questions.
- Support writing portion of the assignment, with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.

- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

## **Option #2:**

### **Part A:**

Rainbow City had the following transactions during the year.

**Required:** Prepare the necessary journal entries in the appropriate governmental fund general journal and the government-wide governmental activities general journal for each of the following Rainbow City transactions.

1. The city received a donation of land that is to be used by Parks and Recreation to develop a public park. At the time of the donation, the land had an acquisition value of \$4,800,000 and was recorded on the donor's books at a historical cost of \$3,800,000.
2. The Public Works Department sold machinery with a historical cost of \$35,100 and accumulated depreciation of \$28,700 for \$5,000. The machinery had originally been purchased with special revenue funds.
3. A car was leased for the mayor's use. The first payment was \$800, and the present value of the remaining lease payments was \$24,000. (Note: the initial cash payment was made by the General Fund.)
4. During the current year, a Capital Projects Fund completed a new public safety building that was started in the prior year. The total cost of the project was \$9,720,000. Financing for the project came from a \$9,000,000 bond issue that was sold in the prior year and from a \$720,000 federal capital grant received in the current year. Current expenditures for the project totaled \$1,176,000. The full cost is attributed to the building because it was constructed on city-owned property.
5. The city records a half year of straight-line depreciation on capital assets placed in service during the year. The building in Item 4 has an estimated 30-year life with no salvage value.
6. Due to technological developments, the city determined that the service capacity of some of the technology equipment used by general government has been impaired. The calculated impairment loss due to technology obsolescence was \$1,210,000.

### **Part B:**

In the current year, the building occupied by Surf Beach City's Culture and Recreation Department suffered severe structural damage as a result of a hurricane. It had been 48 years since a hurricane had hit the Rainbow City area, although hurricanes in Rainbow City's geographic area are not uncommon. The building had been purchased 10 years earlier at a cost of \$2,000,000 and had accumulated depreciation of \$500,000 as of the date of the hurricane. Based on a restoration cost analysis, city engineers estimate the impairment loss at \$230,000; however, the city expects during the next fiscal year to receive insurance recoveries of \$120,000 for the damage.

### **Requirements:**

- a. Should the estimated impairment loss be reported as an extraordinary item? Explain.
- b. Record the estimated impairment loss in the journal for governmental activities at the government-wide level.
- c. How should the insurance recovery be reported in the following fiscal year? (You do not need to provide journal entries.)

- Submit your responses to Part A in Excel format. The answers to Part B can be included on the spreadsheet or be submitted in a Word document.

- Show calculations for all questions.
- Support writing portion of the assignment, with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

## Module 2

### Readings

- Chapter 6 in *Accounting for Governmental and Nonprofit Entities*

### Discussion (25 points)

### Critical Thinking (75 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option #1: Long-Term Liability Transactions**

The City of Mountain View had the following transactions during the year, none of which have been recorded yet. Some of the transactions affect governmental activities.

1. Mountain View issued \$5 million worth of serial bonds at 102 plus accrued interest in the amount of \$50,000. The premium and accrued interest were recorded in the Debt Service Fund. Accrued interest on bond sold must be used for interest payments.
2. The city's General Fund collected and transferred \$750,000 in tax collections to the Debt Service Fund. \$600,000 of this amount was used to retire outstanding serial bonds and the remainder was used to make interest payments on outstanding serial bonds.
3. Some old bonds, originally issued at par value, were refunded this year with the issuance of \$3,500,000 worth of new tax supported serial bonds.
4. The Debt Service Fund made a \$110,000 lease payment, of which \$15,809 was interest. Funds used to make the lease payment came from a capital grant received by the Special Revenue Fund.
5. Construction bonds worth \$5,000,000 were sold at par by the Capital Projects Fund. Debt issuance costs included administrative fees of \$45,000 and prepaid insurance costs of \$5,000.
6. Four months prior to year-end, \$500,000 worth of 6% special assessment bonds were sold to fund a bicycle lane improvement project. The first \$25,000 installment will be due from property owners six months after the initial bond issuance. The bonds are secondarily backed by the city.

#### **Required:**

Prepare in general journal form the necessary entries in the governmental activities and appropriate fund journals for each transaction. You may omit explanations but must name the fund in which each entry would be made.

#### **Paper Requirements:**

- Submit your responses to the questions in an Excel spreadsheet. Label each question clearly. Include computations in a table and show work.
- Show calculations for all questions.

- Support writing portion of the assignment, with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

**Option #2: Debt service funds in accounting**

The City of Mountain View had the following transactions during the year, none of which have been recorded yet. Some of the transactions affect governmental activities.

1. Mountain View issued \$6 million worth of serial bonds at 98 plus accrued interest in the amount of \$50,000. The premium and accrued interest were recorded in the Debt Service Fund. Accrued interest on bond sold must be used for interest payments.
2. The city's General Fund collected and transferred \$650,000 in tax collections to the Debt Service Fund. \$450,000 of this amount was used to retire outstanding serial bonds and the remainder was used to make interest payments on outstanding serial bonds.
3. Some old bonds, originally issued at par value, were refunded this year with the issuance of \$4,000,000 worth of new tax supported serial bonds.
4. The Debt Service Fund made a \$110,000 lease payment, of which \$16,810 was interest. Funds used to make the lease payment came from a capital grant received by the Special Revenue Fund.
5. Construction bonds worth \$7,000,000 were sold at par by the Capital Projects Fund. Debt issuance costs included administrative fees of \$50,000 and prepaid insurance costs of \$5,000.
6. Four months prior to year-end, \$600,000 worth of 6% special assessment bonds were sold to fund a bicycle lane improvement project. The first \$30,000 installment will be due from property owners six months after the initial bond issuance. The bonds are secondarily backed by the city.

**Required:**

Prepare in general journal form the necessary entries in the governmental activities and appropriate fund journals for each transaction. You may omit explanations but must name the fund in which each entry would be made.

- Submit your responses to the questions in an Excel spreadsheet. Label each question clearly. Include computations in a table and show work.
- Show calculations for all questions.
- Support writing portion of the assignment, with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

**Portfolio Milestone (20 points)**

**Options #1 & #2:**

Analyze the two Portfolio Project options and choose *one* to complete in Module 8. Explain the rationale for your choice in six to eight sentences.

## Module 3

### Readings

- Chapters 7 & 8 in *Accounting for Governmental and Nonprofit Entities*

### Discussion (25 points)

### Live Classroom (0 points)

### Critical Thinking: Enterprise Funds Related to Capital Contributions, Restricted Assets, and Landfills (75 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option #1: Enterprise funds related to capital contributions, restricted assets, and landfills**

Desert Palms County has operated a municipal golf course for more than 30 years. Local patrons, as well as tourists, enjoy reasonable rates in a picturesque setting. Ten years ago, the golf course was quite profitable, so the county created an Enterprise Fund and moved accounting for the golf operations from the General Fund to the new Enterprise Fund. Over the years, however, interest in golf everywhere has declined and the course usage has decreased while costs have increased. During the current year, the course suffered a \$700,000 loss that had to be covered by the county's General Fund. In the upcoming fiscal year, the county projects to shortfall to be more than \$1 million. Some local taxpayers have criticized the county for injecting money into a business that should be primarily funded through user charges. Supporters of the golf course, though, note that the municipal course is part of the county's Parks & Recreation Department which benefits the entire community, so support for the course is warranted.

#### **Required:**

- Evaluate whether Desert Palms County should include the golf course in their Parks and Recreation department or if it should be funded by fees charged to the users.
- Is there justification for accounting for the recreational facility as an Enterprise Fund? If so, how does this affect reporting as an Enterprise Fund activity instead of a General Fund activity?
- How would you handle the recreational facility dilemma?
- What questions, if any, should you address for the following situations: Desert Palms County continues accounting for the recreational facility as in the past. An outside management company operates a portion or the entire golf course. Several options are presented under this option including the county maintains control of the golf operations but outsources the golf carts, concession stands, golf pro shop, and maintenance of the golf course. The county leases the golf course to a private operator in exchange for lease income to the municipality. Under this option, capital investments in facility improvements, minimum standards of maintenance, and golf fee restrictions exist; the county sales the golf course and removes from their books.

#### **Paper Requirements:**

- Write a paper of 4-6 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.

- Cite at least three credible, academic, or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing & APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

**Option #2: Enterprise funds related to capital contributions, restricted assets, and landfills**

Desert Palms County has operated a municipal swimming pool and aquatic center for more than 30 years. Local patrons, as well as tourists, enjoy reasonable rates for swimming lessons, swimming meets, and general swimming. Ten years ago, the aquatic center was quite profitable, so the county created an Enterprise Fund and moved accounting for the swimming operations from the General Fund to the new Enterprise Fund. Over the years, however, interest in swimming has declined and the aquatic center usage has decreased while costs have increased. During the current year, the aquatic center suffered a \$116,000 loss that had to be covered by the county's General Fund. In the upcoming fiscal year, the county projects to shortfall to be more than \$150,000. Some local taxpayers have criticized the county for injecting money into a business that should be primarily funded through user charges. Supporters of the aquatic center, though, note that the municipal pool is part of the county's Parks & Recreation Department which benefits the entire community, so support for the aquatic center is warranted.

This year's activities included:

1. Total cash received from customers totaled \$1,520,615.
2. Cash payments included \$1,310,469 for personnel expenses, \$128,000 for utilities, \$97,820 for repairs and maintenance, \$53,300 for interest on bonds, and \$48,200 for supplies.
3. Equipment was sold for its carrying value of \$12,845. Accumulated depreciation totaled \$7,155.
4. Transfer from the General Fund to the Aquatic Center totaled \$120,000.

- Prepare general journal entries to record the aquatic center's operating activities for the year.
- Prepare the closing entries for the General Fund.

**Paper Requirements:**

- Write a paper of 4-6 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least three credible, academic, or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing & APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

**Live Classroom (0 points)**

## Module 4

### Readings

- Chapters 9 & 10 in *Accounting for Governmental and Nonprofit Entities*

### Discussion (25 points)

### Critical Thinking (75 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option #1: Evaluating and assigning to appropriate funds**

The City of Desert Foothills established the following activities after it was founded: General Fund, Governmental Activities, Enterprise Fund, Internal Service Fund, Enterprise Fund, and Permanent Fund. Assign the following transactions to the appropriate activity and explain why you assigned the transaction to the activity.

- Cash was transferred from the General Fund to establish a central duplicating Internal Service Fund in the amount of \$40,000 in cash and \$280,000 in equipment with accumulated depreciation of \$90,000.
- The city's General Fund was billed \$125,000 for water and sewage by the Utility Fund. By the last day of the year, the \$123,000 was paid on the utility bill.
- The Internal Service Fund billed the city's general government function \$18,400 for duplicating services and the city's Utility Fund for \$8,700 for services.
- A purchase order of \$27,000 was created by the general government function for computer equipment.
- A payment voucher was approved for \$26,400 upon receipt of the equipment and the payment was made.

**Assignment:** Assign the preceding transactions to the appropriate activity indicated below and explain why you assigned the transaction to the activity.

GF	General Fund
CPF	Capital Projects Fund
ISF	Internal Service Fund
PF	Permanent Fund
SRF	Special Revenue Fund (After-School Fund)
EF	Enterprise Fund
GA	Governmental Activities

#### **Paper Requirements:**

- Write a paper of 4-6 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least three credible, academic, or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.

- Format your paper according to CSU-Global Guide to Writing & APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

### **Option #2: Preparing journal entries**

The City of Desert Foothills established the following activities after it was founded: General Fund, Governmental Activities, Enterprise Fund, Internal Service Fund, Enterprise Fund, and Permanent Fund. Assign the following transactions to the appropriate activity and explain why you assigned the transaction to the activity.

- Cash was transferred from the General Fund to establish a central duplicating Internal Service Fund in the amount of \$40,000 in cash and \$280,000 in equipment with accumulated depreciation of \$90,000.
- The city's General Fund was billed \$1250,000 for water and sewage by the Utility Fund. By the last day of the year, the entire amount was paid of the utility bill.
- The Internal Service Fund billed the city's general government function \$18,400 for duplicating services and the city's Utility Fund for \$8,700 for services.
- A purchase order of \$27,000 was created by the general government function for computer equipment.
- A payment voucher was approved for \$26,400 upon receipt of the equipment and the payment was made.

**Assignment:** Prepare journal entries for these transactions, but do not include closing entries.

### **Requirements:**

- Submit your responses in an Excel spreadsheet.
- Show calculations for all questions.
- Support writing portion of the assignment, with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

## **Module 5**

### **Readings**

- Chapters 11 & 12 in *Accounting for Governmental and Nonprofit Entities*

### **Discussion (25 points)**

### **Critical Thinking (75 points)**

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

### **Option #1: Determining cost thresholds for audits**

Your firm was hired to conduct an audit for the City of Happy Valley. The city is heavily involved in community outreach and receives federal program funds. City of Happy Valley's Programs has the following costs and prior audit history for each program:

- Farmers' Market Supplemental Nutrition Assistance Program Support Grants had costs of \$186,000 and was not selected for audit in prior year.
  - Farm to School Grant Program had costs of \$829,000 and was selected for audit in prior year.
  - Watershed Protection and Flood Prevention had costs of \$897,000 and was not selected for audit in prior year.
  - Family Violence Prevention and Services/State Domestic Violence Coalitions had costs of \$247,000 and was not selected for audit in prior year.
  - Child Care Mandatory and Matching Funds of the Child Care and Development Fund had costs of \$76,000 and was not selected for audit in prior year.
  - Abandoned Infants had costs of \$7,447,000 and was selected for audit in prior year.
  - Preschool Development Grants had costs of \$4,698,000 and was selected for audit in prior year.
  - Low Income Taxpayer Clinics had costs of \$387,000 and was not selected for audit in prior year.
  - National Organizations of State and Local Officials had costs of \$1,216,000 and was not selected for audit in prior year.
  - Minority Health and Health Disparities Research had costs of \$90,000 and was selected for audit in prior year.
  - During the previous years' audit, the Preschool Development Grants and the Minority Health and Health Disparities Research had audit findings.
- a) Identify any Type A programs and Type B programs based on size. Are there any low-risk or high-risk programs?
- b) Which programs would you select for the audit, if the city of Grand View is not a low-risk auditee? Explain your process for determining your conclusions.

### **Requirements:**

- Write a paper of 4-6 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least three credible, academic, or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing & APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

### **Option #2: GAAS, GAGAS, and the single audit**

Your firm was hired to conduct an audit for the City of Happy Valley. The city is heavily involved in community outreach and receives federal program funds. City of Happy Valley had the following allocations for funds:

- Farmers' Market Supplemental Nutrition Assistance Program Support Grants, \$14,270
  - Farm to School Grant Program, \$212,755
  - Watershed Protection and Flood Prevention, \$149,620
  - Family Violence Prevention and Services/State Domestic Violence Coalitions, \$265,000
  - Child Care Mandatory and Matching Funds of the Child Care and Development Fund, \$800,000
  - Abandoned Infants \$235,000
  - Preschool Development Grants, \$32,000.
- a) Define any Type A programs, which qualify based on size alone. Identify the programs you would choose for the audit based on their size alone and explain why you chose these programs.
  - b) The risk-based approach exempts certain programs from the assessment. Does the city of Grand View have any programs that meet these exemptions?
  - c) Locate each program sponsor by visiting the Catalog of Federal Domestic Assistance (CFDA) website ([www.cfda.gov](http://www.cfda.gov)).
  - d) Do any of the programs qualify to be audited as a single program according to OMB when performing a risk-based approach audit? Which programs can be part of the same cluster and why?

#### **Requirements:**

- Write a paper of 4-6 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least three credible, academic, or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing & APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

#### **Portfolio Milestone (30 points)**

**Options #1 and #2:** Prepare the journal entries for Scenario A of whichever option you selected.

## **Module 6**

### **Readings**

- Chapters 13 & 14 in *Accounting for Governmental and Nonprofit Entities*

### **Discussion (25 points)**

### **Critical Thinking (75 points)**

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option #1: NFP financial reporting**

The Four Corners Theater's mission is to increase access to the arts for the community of Four Corners. The Theater group owns a debt-financed theater and puts on several plays throughout the year, as well

as providing facilities for many other activities. Four Corner's Theater is a well-established, not-for profit organization exempt under IRC Sec. 501(c)(3).

Identify whether the following activities would be subject to unrelated business income tax (UBIT) and explain why or why not.

1. Rental of the facility to the high school drama club.
2. Fees for summer acting classes for primary school students.
3. Sale of tickets to plays put on by the Four Corner's Theater group.
4. Sale of season ticket membership list to a local book store.
5. Rental of two apartments in the facility.
6. Rental of meeting space to other local 501(c)(3) organizations for their monthly meetings.
7. Internet sales of gift shop items with the Four Corner's Theater logo.
8. Lease of the facility's parking lot to the local university on football game days.

**Requirements:**

- Write a paper of 4-6 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least three credible, academic, or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing & APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

**Option #2: Identifying tax exempt status**

Indicate which Internal Revenue Code section would most likely apply for each of the following entities to be treated as exempt from tax under federal law.

1. Happy Valley Rotary Club
2. Happy Valley Tennis Association
3. Citizens to Elect Joe Schmoe
4. Little Dickens Day Care
5. Colorado Institute of Certified Public Accountants
6. Happy Valley Chamber of Commerce
7. Happy Valley Symphony Orchestra
8. Elks Club
9. Local 1015 of Electric Workers Union

**Requirements:**

- Write a paper of 4-6 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.

- Cite at least three credible, academic, or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing & APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

### Live Classroom (0 points)

## Module 7

### Readings

- Chapters 15 & 16 in *Accounting for Governmental and Nonprofit Entities*

### Discussion (25 points)

## Module 8

### Readings

- Chapter 17 in *Accounting for governmental and nonprofit entities*

### Discussion (25 points)

### Portfolio Project (300 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

Your Portfolio Project will provide specific answers to questions that follow. Apply what you have learned in this course to your answers to these questions.

#### **Option #1**

#### **Scenario A: Budgeted and Actual Debt Service Transactions**

Rainbow City is authorized to issue \$10,000,000 4% regular serial bonds in 20x0 for the construction of a new police station. The bonds mature in equal annual amounts beginning on January 1, 20X1, for 10 years and pay interest on January 1 and July 1. The funds to pay the interest will be transferred from the General Fund. The city's fiscal year is December 31.

#### **Required:**

- Prepare the budgetary entries for 20X0 assuming that the bonds were scheduled to be issued on January 2. Assume that the January 1, 20X1 principal and interest payments will be included in the 20X1 budget.
- The bonds were sold on February 1, 20X0 at 101. Prepare the journal entries needed to record issuance of the bonds, including entries required in the Debt Service Fund and any entries required in the government activities general ledger at the government-wide level.
- Prepare the entry required to reflect the transfer of funds from the General Fund to the Debt Service Fund.

- Prepare the journal entries needed to record the first interest payment made on July 1, including the entries required in the Debt Service Fund and any entries required in the Governmental Activities general ledger at the government-wide level. Assume that the straight-line method is used for premium amortization.

### **Scenario B: Capital Assets Acquired Under Lease Agreements**

Tangerine County needs a new county court house but does not have current funding available. Accordingly, the county entered into a lease agreement with Surf City Builders whereby the Builders would construct a new court house and lease it to the county for 30 years. The fair market value of the building is \$15 million. Using a 6% interest rate, the county has agreed to make an initial payment of \$1,028,050 and annual payments in the same amount at the beginning of each of the remaining 29 years. The lease includes a funding clause, which allows Tangerine County to terminate the lease agreement if the government does not appropriate funds for the lease payments, but the county does not intend to exercise the option unless there is a financial emergency. Upon completion, the building had an appraised value of \$17 million and a 40-year useful life.

#### **Required:**

- Provide the journal entries the county should make in both the Capital Projects Fund general journal and the Governmental Activities general journal to record the lease at the date of inception.
- Which financial statement(s) prepared at the end of the first year would show both the assets and the liability related to this capital lease?
- Prepare journal entries in an Excel spreadsheet.

### **Scenario C: Recording and Reporting Entries**

Save the Turtles is a non-for-profit organization that was incorporated in 20X0 and has a December 31 year end. Save the Turtles had the following transactions during 20X0.

1. Volunteers donated \$20,000 in time to help with answering the phones, mailing materials, and other clerical activities.
2. A business donated rent-free office space to the organization that would normally rent for \$35,000 per year.
3. Office furniture worth \$10,600 and with an estimated 10-year life was donated to the organization.
4. A fund drive raised \$215,000 in cash and \$100,000 in pledges that will be paid within one year. A state government grant of \$50,000 was received for program operating costs.
5. Save the Turtles paid salaries and fringe benefits of \$208,560 during the year and had \$22,400 of accrued salaries and benefits at the end of the year.
6. Utilities expense for the year totaled \$8,300 and other expenses for the year included \$5,600 for telephone, \$4,300 for supplies, and \$14,200 for printing. There were no supplies remaining at the end of the year and accounts payable totaled \$4,400.
7. Office equipment with a useful life of 5 years was purchased for \$12,000.
8. The organization claims a full year of depreciation on fixed assets.
9. Ninety percent of pledges for 20X1 are estimated to be collectible.
10. Expenses were allocated to program services and support services in the following percentages: Public education—45%, Veterinary services—20%, Management and general—20%, Fundraising—15%.

#### **Required:**

- Make all necessary journal entries to record these transactions.
- Prepare a schedule of expenses by nature and function for the year ended December 31, 20X0.
- Show calculations for all questions.
- Support writing portion of the assignment with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the Portfolio Project grading rubric for more information on expectations and how you will be graded.

## **Option #2**

### **Scenario A: Budgeted and Actual Debt Service Transactions**

Rainbow City is authorized to issue \$9,000,000 5% regular serial bonds in 20x0 for the construction of a new fire station. The bonds mature in equal annual amounts beginning on January 1, 20X1, for 10 years and pay interest on January 1 and July 1. The funds to pay the interest will be transferred from the General Fund. The city's fiscal year is December 31.

#### **Required:**

- Prepare the budgetary entries for 20X0 assuming that the bonds were scheduled to be issued on January 2. Assume that the January 1, 20X1 principal and interest payments will be included in the 20X1 budget.
- The bonds were sold on February 1, 20X0 at 101. Prepare the journal entries needed to record issuance of the bonds, including entries required in the Debt Service Fund and any entries required in the government activities general ledger at the government-wide level.
- Prepare the entry required to reflect the transfer of funds from the General Fund to the Debt Service Fund.
- Prepare the journal entries needed to record the first interest payment made on July 1, including the entries required in the Debt Service Fund and any entries required in the Governmental Activities general ledger at the government-wide level. Assume that the straight-line method is used for premium amortization.
- Submit journal entries in an Excel spreadsheet.

### **Scenario B: Capital Assets Acquired Under Lease Agreements**

Tangerine County needs a new county administrative center but does not have current funding available. Accordingly, the county entered into a lease agreement with Surf City Builders whereby the Builders would construct a new administrative center and lease it to the county for 30 years. The fair market value of the building is \$9 million. Using a 6% interest rate, the county has agreed to make an initial payment of \$616,830 and annual payments in the same amount at the beginning of each of the remaining 29 years. The lease includes a funding clause, which allows Tangerine County to terminate the lease agreement if the government does not appropriate funds for the lease payments, but the county does not intend to exercise the option unless there is a financial emergency. Upon completion, the building had an appraised value of \$10 million and a 40-year useful life.

#### **Required:**

- Provide the journal entries the county should make in both the Capital Projects Fund general journal and the Governmental Activities general journal to record the lease at the date of inception.

- Which financial statement(s) prepared at the end of the first year would show both the assets and the liability related to this capital lease?
- Prepare journal entries in an Excel spreadsheet.

**Scenario C: What are GAAP requirements for preparing financial statements?**

Download the Loving Care Clinic Adjusted Trial Balance. Use the adjusted trial balance to:

1. Create a statement of financial position
2. Create a statement of functional expenses
3. Create a statement of activities
4. Create a statement of cash flows

Prepare all financial statements as of June 30, 20X0 including the following transactions.

- There were five functional expense categories, which salaries and fringe benefits totaling \$315,420 were allocated to with the following percentages: counseling services, 30%; professional training, 25%; community service, 15%; management and general, 20%; and fund-raising, 10%.
- Occupancy and utility, supplies, printing and publishing, and telephone and postage expenses were allocated to the programs using the same allocation procedures.
- The five expense categories received equal amounts of depreciation expense.
- Loving Care Clinic had \$138,940 of cash on hand at the beginning of the year and received cash from contributors of \$368,820, which was unrestricted. \$49,700 was restricted for the purchase of a machine for the clinic.
- Income earned and received on long-term investments was \$9,200.
- The purchase of the machine for the clinic was \$22,000 and \$88,030 for operating expenses.
- Net pledges receivable increased \$6,000, inventory decreased \$1,000, accounts payable decreased \$87,500, and there were no salaries payable at the beginning of the year.

All statements should be created in Microsoft Excel. Use formulas to link data when necessary.

**Required:**

- Show calculations for all questions.
- Support writing portion of the assignment with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's Portfolio Project grading rubric for more information on expectations and how you will be graded.

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## COURSE POLICIES

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Grading Scale	
A	95.0 – 100
A-	90.0 – 94.9
B+	86.7 – 89.9
B	83.3 – 86.6
B-	80.0 – 83.2
C+	75.0 – 79.9
C	70.0 – 74.9
D	60.0 – 69.9
F	59.9 or below

### Course Grading

20% Discussion Participation  
45% Critical Thinking Assignments  
35% Final Portfolio Project  
0% Live Classroom

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## IN-CLASSROOM POLICIES

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For information on late work and incomplete grade policies, please refer to our [In-Classroom Student Policies and Guidelines](#) or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

### **Academic Integrity**

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /repurposing your own work (see CSU-Global Guide to Writing & APA for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and internet resources.

### **Citing Sources with APA Style**

All students are expected to follow the CSU-Global Guide to Writing & APA when citing in APA (based on the most recent APA style manual) for all assignments. A link to this guide should also be provided within most assignment descriptions in your course.

### **Disability Services Statement**

CSU-Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email [ada@CSUGlobal.edu](mailto:ada@CSUGlobal.edu) for additional information to coordinate reasonable accommodations for students with documented disabilities.

### **Netiquette**

Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults, or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom. If you have concerns about something that has been said, please let your instructor know.