

would be to examine several years of financial statements instead of only one. Establishing a trend line with several years of data can lead to a more comprehensive picture of this organization's fiscal health.

## Summary

In this chapter we learned how to establish a multiyear financial plan for your agency, and we learned simple tools for analyzing multiyear financial statements. The balance sheet, income statement, and cash flow statement were discussed. Several examples from government and nonprofits are included.

## Exercises

To complete the exercises, use the data in Table 9.7 and Table 9.8 and the spreadsheet titled "Budget Tools 09 Exercises."

1. Use the financial statements from Charlottesville, Virginia, to conduct your own analysis. Two years are provided so that a comparison between years can be made. Students are advised to use the format in the spreadsheet in Table 9.4 and add an additional column for FY 2005 so that the ratios can be compared side by side. (Please note that NPS used in the days payable ratio is 20 percent of the total expenditures.)

When students compare the ratios, they should focus on measures of liquidity, long-term solvency, and asset management ratios.

## Additional Readings

Bryce, Herrington J. *Financial and Strategic Management for Nonprofit Organizations: A Comprehensive Reference to Legal, Financial, Management, and Operations Rules and Guidelines for Nonprofits*. San Francisco: Jossey-Bass, 2000.

Department of Finance. *Comprehensive Annual Financial Report, Charlottesville, Virginia*. Charlottesville, Va.: City of Charlottesville, June 30, 2007. [www.charlottesville.org/Index.aspx?page=596](http://www.charlottesville.org/Index.aspx?page=596).

Ives, Martin, Joseph R. Rازek, and Gordon A. Hosch. *Introduction to Governmental and Not-for-Profit Accounting*, 5th ed. Upper Saddle River, N.J.: Pearson/Prentice Hall, 2004.

Zietlow, John, Jo Ann Hankin, and Alan Seidner. *Financial Management for Nonprofit Organizations: Policies and Practices*. Hoboken, N.J.: Wiley, 2007.

## Appendix A Chart of Accounts

All municipalities in New York State are required to classify and code accounting transactions.

### Classification

A classification of accounts is a systematic arrangement upon a definite scheme. The purpose of classifying standard format for recording and reporting financial allows comparisons to be made with other municipalities. The classification system serves as a basis for reporting as well as for administrative control to the Office of the State Comptroller and the general, and the compilation of financial statistical data.

### Coding

Coding of accounts facilitates the classification of entries and the posting of entries in the accounting records of transactions quickly and provides consistency in system used in New York State is an alphanumeric system of letters followed by a series of digits.

The alpha portion of each code, consisting of one the fund. The following funds are provided for municipalities.

Appendix A is reprinted from *Accounting and Reporting Manual* Office of the State Comptroller, n.d.), Chapter 5, Classification [www.osc.state.ny.us/localgov/pubs/arm/arm5.htm](http://www.osc.state.ny.us/localgov/pubs/arm/arm5.htm).