



## History of Governmental Accounting

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Governmental accounting has evolved formally for many years. The Governmental Finance Officers Association (GFOA) was founded in 1906 to actively support the advancement of governmental accounting, auditing and financial reporting. However, it was not until 1934 that GFOA established the National Committee on Municipal Accounting (NCMA), which began to promulgate accounting standards for governments.

In 1951, the National Committee on Governmental Accounting (NCGA), the successor body to the NCMA, issued Bulletin No. 14, *Municipal Accounting and Auditing*. This statement of governmental accounting standards found widespread acceptance and gave rise to the publication in 1968 by the GFOA of the first “blue book,” which provided authoritative guidance in generally accepted governmental accounting principles.

Accounting standards for private industry are set by the Financial Accounting Standards Board (FASB) and embraced by the American Institute of Certified Public Accountants (AICPA). When the AICPA issued its industry audit guide for governments in 1974, users found that some provisions were contrary to those set out by the GFOA’s “blue book.” In order to resolve these differences, in 1979 the NCGA issued its Statement 1 entitled *Governmental Accounting and Financial Reporting Principles*, which led to the uniform acceptance of Statement 1 as authoritative guidance for governmental or fund accounting.

The “blue book” has been revised several times and re-issued by the GFOA as *Governmental Accounting, Auditing and Financial Reporting*. It is now considered a non-authoritative guide for practitioners. However, it now describes how best to implement authoritative guidance.

The current authoritative body of governmental accounting is the Governmental Accounting Standards Board (GASB). This accounting and financial reporting standard-setting body was established in June 1984.

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