



## Updates on Accounting Standards

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## Agenda

- **Introduction**
- **Standard Setters**
  - Process
  - Agendas
  - Specific Standards
- **Questions**



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## Multiple Choice Question

- **Which of these is not a standard setter for financial accounting?**
  - A) GASB
  - B) FASB
  - C) FASAB
  - D) SEC



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## Accounting Standard Boards

- **GASB** – sets standards for state and local governments
- **FASB** – sets standards for non-governmental entities
- **FASAB** – issues federal financial accounting standards
- **IPSASB** – sets international financial accounting standards



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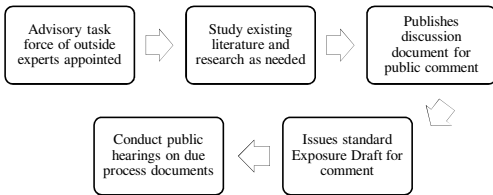
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## GASB Standard Setting Process



At least four board members must approve issuance of any Statement of Governmental Accounting Standards.



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## GASB Board Members

**Full Time: David A. Vaudt, Chairman**

**Part Time:**

**James E. Brown, William W. Fish, Michael H. Granof, David E. Sundstrom, Jan I. Sylvis, and Marcia L. Taylor**

**Profiles**



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Norwalk, CT March 28, 2014



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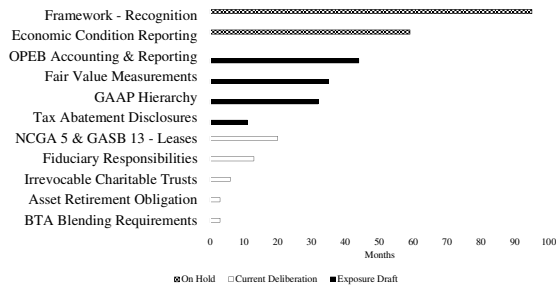
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### GASB Current Projects



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### Tax Abatement Disclosures

- **Exposure Draft issued 10-20-14**
- **General Disclosure Principles**
  - Which Government entities, Organized by major programs, and Starting when agreed to end
- **Included in Notes**
  - Names, taxes, authority, criteria, how abated and recaptured, number, dollars, and description
- **Effective periods beginning after 12-15-15**



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## Pre-Agenda Research

- Debt Refunding and Extinguishments
- External Investment Pools
- Financial Reporting Model



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## Reexamine GASB 34 – August 2013

- Major considerations are:
  - MD&A
  - Financial Statements (Gov't Wide & Fund)
  - Budgetary Comparison
- Pronouncements reevaluated initially after 5 years
- Studies – Muni-Bond analysts like Government-Wide accrual statements GASB 34 provides



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## GASB 34 (continued)

- Potential Government Wide Changes
  - Separating Governmental and BTA
  - Program and General Revenues
  - Net Position categories
  - Format of Statement of Activities



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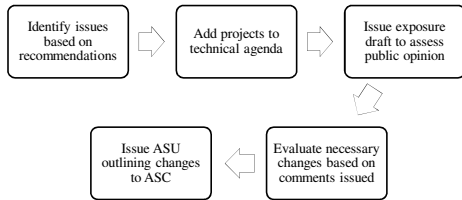
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## FASB Standard Setting Process



A majority vote of the 7 board members is required to issue an ASU or Exposure Draft.



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## FASB Open Exposure Drafts

- **Simplification of the Income Statement by eliminating Extraordinary Items**
- **Inventory (Topic 330) – Simplifying how inventory is measured**
- **Technical corrections and improvements**
- **Customer’s accounting for fees paid in a cloud computing arrangement**



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## Financial Statements of NFP Entities

- **Change from three classes of Net Assets to two**
  - **Current - Permanently Restricted, Temporarily Restricted, & Unrestricted**
  - **Proposed - With Donor-Imposed Restrictions & Without Donor-Imposed Restrictions**
- **Reporting of expenses – nature and function**
- **Cash flow method and classifications**



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## River Region United Way

Current	Proposed
Permanently Restricted \$352,194	With Donor-Imposed Restrictions \$2,621,736
Temporarily Restricted \$2,269,542	Without Donor-Imposed Restrictions \$2,148,385
Unrestricted \$2,148,385	N/A
Total Net Assets \$4,770,121	Total Net Assets \$4,770,121



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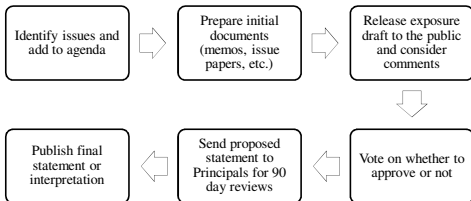
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## FASAB Standard Setting Process



Vote must include a 2/3 affirmation of the board.



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## FASAB – Open For Comment Items

- **Public-Private Partnerships disclosure requirements**
- **Deferral of the transition to basic information for long-term projects**
- **Investments and other equity interests in non-federal entities**
- **Others**



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## IPSASB – International Standards

- **International Public Sector Accounting Standards Board**
- **Issues accrual based standards for governments worldwide**



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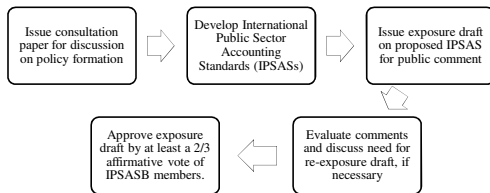
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## IPSASB Standard Setting Process



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## IPSASB – Open For Comment

- **Exposure Draft 55**
  - **Addresses Presentation of Financial Statements, PP&E, Financial Instrument Presentation, and Intangible Assets**



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### Multiple Choice Question

**Which standard setter requires only a simple majority for approval of new standards?**

- A) FASAB
- B) FASB
- C) GASB
- D) None of these



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### GAO Updates – Green Book

- Updated Green Book – revised November 1999 Standards for Internal Controls in the Federal Government
- Effective Fiscal Year 2016, early adoption permitted
- Management may use in conjunction with COSO Internal Control Framework & with GAO Internal Control Management and Evaluation Tool



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### GAO Updates – Green Book continued

- **Major Changes**
  - Adopted the key concepts from 2013 COSO and adapted them for government environment
  - Adds 17 new principles outlining management's responsibilities in effective controls



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## Questions

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- **[mclelaj@auburn.edu](mailto:mclelaj@auburn.edu)**
- **334-844-6217**



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