Government Accounting and Auditing Update

GASB

Yellow Book and SAS

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GASB Update

New Effective Standards

Exposure Documents

Other Projects

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GASBS Effective Dates

- **June 30, 2011**
  - Statement 54—Fund Balance Reporting
  - Statement 59—Financial Instruments Omnibus
- **June 30, 2012**
  - Statement 57—OPEB (Agent)
  - Statement 64—Derivatives—Hedge Accounting Terminations

GASBS Effective Dates

- **December 31, 2012**
  - Statement 60—Service Concessions Arrangements
  - Statement 62—Pre-89 Codification
  - Statement 63—Deferrals and Net Position
- **June 30, 2013**
  - Statement 61—Financial Reporting Entity

GASBS 54, Fund Balance

- Nonspendable
- Spendable:
  Restricted
  Committed
  Assigned
  Unassigned

GASBS 54, Stabilization (AKA Rainy-Day Amounts)

- Constraints should be reported as "restricted" or "committed"
- Not reported as "assigned"

GASBS 54, Encumbrances

- Amounts are classified and assigned based on the source and strength of the constraints
  - Restricted
  - Committed
  - Assigned
- Not displayed separately

GASBS 54, Level of Detail

- Level of detail requirements may be met by display or a combination of display and disclosure
  - Nonspendable by type
  - Restrictions by purpose
  - Commitments and assignments in sufficient detail that major purposes are evident to reader

GASBS 54, General Fund

- General fund
- Used to account for all financial resources not accounted for in another fund

GASBS 54, Special Revenue Funds

- Account for and report the "proceeds of specific revenue sources" that are restricted or committed to expenditures for specific purposes
- "Proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund

GASBS 54, Capital Projects Funds

- Account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays
- Excludes types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments

GASBS 54, Debt Service Funds

- Account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest

GASBS 54, Fund Balance Note Disclosure

- Description of authority and actions
- Order of spending
  - Restricted and unrestricted fund balance
  - Committed, assigned, and unassigned
- Encumbrances
- Stabilization arrangements
- Minimum fund balance policies

GASBS 54, Implementation

- Steps
  - Review fund structure
  - Review/establish comprehensive policy
  - Ensure Board action is taken to show funds as committed
  - Set controls to track changes in committed and assigned funds

GASBS 59, Financial Instruments Omnibus

- Improves standards for financial reporting and disclosure requirements of financial instruments and external investment pools

GASBS 59, Financial Instruments Omnibus – Amends GASBS 53

- Net settlement characteristics
- Financial guarantee contracts
- Contracts sales
- "Leveraged yield"

GASBS 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans

- Establishes standards for measurement and financial reporting of actuarially determined information by agent employers with individual employer OPEB plans that have fewer than 100 total plan members and by their agent multiple-employer OPEB plans
- Timing and frequency of OPEB measurements

GASBS 64, Derivative Instruments Application of Hedge Accounting Terminations

- Amendment of GASB Statement No. 53
- Clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider
- Establishes hedging relationship criteria

GASBS 60, Accounting and Financial Reporting for Service Concessions Arrangements

- Improves financial reporting related to service concession arrangements, which are a type of public-private or public-public partnership

GASBS 60, Accounting and Financial Reporting for Service Concessions Arrangements

- Government conveys to operator the right and related obligation to provide public services through use of capital assets in exchange for consideration
- Operator compensated by fees from 3rd parties
- Government determines services and rates
- Government entitled to residual interest of facility

GASBS 60, Accounting and Financial Reporting for Service Concessions Arrangements

- Initial accounting for SCA for exiting asset
  - Cash or present value of receivable
  - Liability for obligations
  - Deferred inflow of resources

GASBS 62, Codification of Accounting and Reporting Guidance

- Incorporates accounting and reporting guidance contained in pre-November 30, 1989 FSB and AICPA Pronouncements into GASB's authoritative literature
- Codification now contains applicable FASB and AICPA pronouncements with governmental accounting and reporting implications

GASBS 63, Statement of Net Positions

- Guidance on reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures
- Addresses reporting of net investment in capital assets, restricted, unrestricted and government funds

GASBS 61, The Financial Reporting Entity: Omnibus

- Improves financial reporting for a governmental entity
- Modifies inclusion of component requirements
- Amends criteria for blending component units
- Clarifies reporting of equity interest in legally separate organizations
- Requires government to report equity interest in a component unit as an asset

GASB Exposure Documents

- PV- Pension Accounting and Financial Reporting by Employers
- ED – Accounting and Financial Reporting for Pensions – amendment of GASBS 27
- ED – Financial Reporting for Pension Plans – amendment of GASB 25
- ED – Reporting Items Previously Recognized as Assets and Liabilities

Other GASB Projects of Interest

- Recognition and Measurement Attributes Conceptual Framework
- Derivative Instruments: Application of Hedge Accounting Termination Provisions
- Economic Condition Reporting: Fiscal Sustainability
- Financial Guarantees

Other GASB Projects of Interest

- Government Combinations
- Other Postemployment Benefit Accounting and Financial Reporting
- Postemployment Benefit Accounting and Financial Reporting
- Statement of Net Positions
- User Guide Series

Auditing Update

Yellow Book
Statements on Auditing Standards

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New Yellow Book: Effective Date

September 30, 2013 year-end financial audits

New Yellow Book: Independence Framework

- Has a threat been identified?
- Is the threat related to a non-audit service?
- Is the threat significant?

New Yellow Book: Independence Framework (contd)

- Are safeguards available to reduce or eliminate the threat?
- Has the threat been reduced or eliminated by applying a safeguard?

New Yellow Book Independence

- Examples of Threats
- Internal or State Auditors

New Yellow Book Other Changes

- Chapter 4
- CPE requirements for internal specialists
- Adoption of SAS's

Statements on Auditing Standards

- SAS No. 118, Other Information in Documents Containing Audited Financial Statements
- SAS No 119, Supplementary Information in Relations to the Financials Statements as a Whole
- SAS No. 120, Required Supplementary Information

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