Seattle Sets the Scene for NASACT’s 97th Annual Conference

By Glenda Johnson, Communications Manager

NASACT President Ronald L. Jones, chief examiner of Alabama, recently welcomed members, corporate partners and guests to Seattle for NASACT’s ninety-seventh annual conference. The event was held on August 11-15 at the Grand Hyatt Seattle. Attendees were also welcomed by the Washington State hosts Brian Sonntag, state auditor; Marty Brown, director of the Office of Financial Management; James McIntire, state treasurer; and Keenan Konopaski, legislative auditor.

The conference began with a number of meetings and networking opportunities. On Saturday, August 11, some attendees participated in the annual golf scramble, which was held at the Golf Club at Newcastle. On Saturday evening, attendees were treated to refreshments at the welcoming hospitality reception after a day of golf or travel. The annual 5K fun run/walk was held Sunday, August 12, where over 80 participants enjoyed a beautiful morning on the Elliott Bay waterfront. Also on Sunday, NASACT’s Executive Committee met from 1:00 to 4:00 p.m. and the Committee on Accounting, Reporting and Auditing held its annual in-person meeting. Sunday night, all attendees were invited to the President’s Reception at the Museum of Flight.

The conference featured five general sessions, an emerging issues roundtable and 18 concurrent sessions covering a wide range of topics. There were over 280 attendees at the conference and an additional 75 participants in the guest program. PowerPoint presentations from the sessions may be downloaded from NASACT’s website at www.nasact.org/conferences-training/nasact/conferences/AnnualConferences/2012AnnualConference/materials.cfm. A complete list of the sessions and speakers can be found on page 3.

At a luncheon on Monday, President Jones announced the 2012 Presidents Awards, which are given each year at the discretion of the president to recognize service to the association and its members. This year’s recipients were:

- **Auston Johnson**, state auditor of Utah, who was recognized for his longstanding dedication to NASACT, his effort and leadership to represent NASACT’s views in the standards-setting process over the years, and his continued dedication to improving government efficiency and accountability.

- **Richard Eckstrom**, comptroller general of South Carolina, who was recognized for his service through testimony before the Governmental Accounting Standards Board on the issue of Economic Condition Reporting: Financial Projections, his representation of NASACT in an international exchange program with Mexico, and his continued dedication to improving government efficiency and accountability.

- **David Lillard**, state treasurer of Tennessee, who was recognized for his service on NASACT’s Investment and Executive Committees, his role in NASACT’s continued efforts to improve municipal market disclosures, and his dedication to improving government efficiency and accountability.

President Jones also presented several Special Recognition Awards. Those were presented to:

[Article continued, next page]

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**President Ronald L. Jones Recognized for Service**

During NASACT’s annual business meeting on Tuesday, August 14, Martin Benison, comptroller (MA) and incoming president (at left), presented a plaque of appreciation to Ronald L. Jones, chief examiner (AL), for his service as NASACT’s president during 2011-12. A resolution was also passed recognizing Mr. Jones’ service, including his role in resolving two longstanding NASACT issues: funding for the GASB and repeal of the three percent withholding provision of the Tax Increase Prevention and Reconciliation Act.
• **William G. Holland**, auditor general of Illinois, in recognition of his steadfast support of the association and its members over the years, his effort and leadership to improve NASACT’s operations and effectiveness, and his continued dedication to improving government efficiency and accountability.

• **Martin J. Benison**, comptroller of Massachusetts, in recognition of his steadfast support of the association and its members over the years, his foresight in addressing long-range issues on behalf of members through the strategic planning process, and his ability to build consensus and voice the Association’s views through the standards-setting process.

• **Nancy K. Kopp**, state treasurer of Maryland, in recognition of her steadfast support of the association and its members over the years, her effort and leadership to represent NASACT’s views on the municipal bond market and the improvement of financial disclosure, and her continued dedication to government efficiency and accountability.

Also on Monday, breakout meetings were held to allow the National Association of State Comptrollers and the National State Auditors Association to conduct brief business meetings. NASACT’s treasurer members also met that afternoon to discuss emerging issues. Recaps from the NSAA and NASC meetings will appear in the September issue of *NASACT News*. On Monday night, conference participants enjoyed a cruise on Elliott Bay aboard the Royal Argosy.

In addition to the general and concurrent sessions held on Tuesday, NASACT held its annual business meeting that day. For a recap from the business meeting, see page 7. Of note, at the meeting members voted to approve a dues increase and elected new Executive Committee officers for 2012-13.

As in past years, Tuesday night at the conference ended with the State Night Dinner, which included entertainment and the presentation of awards to winners of the golf tournament and the 5K fun run/walk. The evening also included an invitation from Martin Benison, NASACT’s new president and comptroller of Massachusetts, and Suzanne Bump, state auditor of Massachusetts, to the 2013 NASACT Annual Conference, which will be held August 10-14 in Boston.

NASACT acknowledges with great appreciation the many people who helped make this conference such a success. Very special thanks go to Washington State Auditor Brian Sonntag, whose office served as the lead host office, and all his staff. Special thanks also go to Linda Long, who served as the host state coordinator, and to Mike Evans and Roxanne Lowe, also from the State Auditor’s Office; without their hard work and assistance, this conference would not have been possible. Special thanks also go to the other Washington State co-hosts: James McIntire, Keenan Konopaski and Marty Brown.

NASACT acknowledges with appreciation all the speakers and moderators who helped continue the association’s tradition of program excellence. The technical program received very high ratings this year.

Without the knowledge, expertise and financial support of our corporate partners, the conference would be truly lacking—we thank NASACT’s corporate partners for their time and continued support. See page 16 for a complete list of this year’s corporate associates and conference sponsors.

Finally, many thanks go to NASACT’s committee chairs and members. It is their hard work throughout the year that ensures that the organization is addressing member concerns and working to improve the industry of state government financial management.

NASACT’s incoming president, Martin Benison, will be working in the coming weeks to make committee assignments for 2012-13. If you are interested in serving on a NASACT committee, email gjohnson@nasact.org.

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*NASACT members (or designees) are eligible to receive travel assistance up to $1,000 for the annual conference.*

To request your travel assistance reimbursement, *download the reimbursement form at www.nasact.org/conferences_training/nasact/annualconference.cfm.*

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**President Ronald Jones Announces 2012 Awards**

On Monday, August 13, President Ronald L. Jones announced recipients of the 2012 President’s Awards and the 2012 Special Recognition Awards. Shown left to right: Martin Benison, comptroller (MA); James Lewis, state treasurer (NM) and officer of NASACT’s Executive Committee; Nancy Kopp, state treasurer (MD); President Ronald L. Jones, chief examiner (AL); William G. Holland, auditor general (IL); Auston Johnson, state auditor (UT); and Richard Eckstrom, comptroller general (SC).
MONDAY, AUGUST 13

GS#1. Lessons from the Future: Navigating the 21st Century
- Glen Hiemstra, Founder, Futurist.com

CS#1. Economic Report for the States
- Scott D. Pattison, Executive Director, National Association of State Budget Officers
- Stanley Czerwinski, Director for Intergovernmental Relations, U.S. Government Accountability Office
- Gabe Petek, Senior Director, U.S. State Ratings Group, Standard & Poor's

CS#2. Statewide Financial Reporting and Performance Data Analysis
- Barton Lorimor, Policy Analyst, Office of the State Comptroller (IL)
- Robert Sabo, Executive Director, Public Sector Solutions, Oracle State and Local Government
- Alan Skelton, Acting State Accounting Officer (GA)

CS#3. The Cloud Imperative
- Dugan Petty, State Chief Information Officer (OR)
- Aldona Valicenti, Vice President, CGI

CS#4. Electronic Payments: Increased Volume Through Supplier Enablement
- Dean Leavitt, CEO, Boost Payment Solutions, LLC

CS#5. Debt Affordability Studies: Impact on Debt Management and Credit Ratings
- Richard K. Ellis, State Treasurer (UT)

- Charlie Johnson, Managing Director, U.S. Government ERP, Microsoft
- Bud Borja, Senior IT Manager, Oregon State Lottery

CS#7. Enhancing Transparency and Disclosures in the States
- Colin MacNaught, Assistant Treasurer for Debt Management, Office of State Treasurer (MA)
- Susan Smith, CORE Team Manager, Department of Finance and Administration (AR)

CS#8. The Cloud – What it Means to Government?
- Sriram R. Damaraju, Director, KPMG LLP
- Don Flores, Partner, Information Services Group

CS#9. Shared Processes to Capture Statewide Spend
- Jeff Bailey, Practice Manager, Organization Readiness, CherryRoad Technologies

GS#2. Congressional and Legislative Update: Another Impactful Year
- David Quam, Director, Office of Federal Relations, National Governors Association

TUESDAY, AUGUST 14

GS#3. The State of the Economy
- William A. Longbrake, Ph.D., Executive in Residence, Smith School of Business, University of Maryland

- Robert Childree, Director, Grant Thornton
- Alan Skelton, Acting State Accounting Officer (GA)

CS#11. Audit Standards Update – New Yellow Book and AICPA Clarity Standards

CS#12. Cloud/SaaS ERP: The Future?
- David Andrews, Senior Executive, Accenture

CS#13. Better, Faster, Cheaper: A Framework for Operational Efficiency
- Stephen Goldsmith, former Mayor of Indianapolis, Indiana, and former Deputy Mayor of New York, New York

CS#14. Financial Reporting: Usefulness of CAFRs from a Report User’s Perspective and the GASB Chairman's Views on the New Pension Standards
- Robert H. Atmone, Chairman, Governmental Accounting Standards Board
- David R. Bean, Director of Research, Governmental Accounting Standards Board
- Robert Reardon, Senior Investment Officer, State Farm Insurance Co. (Former Member of the Governmental Accounting Standards Advisory Council)

CS#15. Making Enterprise Systems Work for State Government
- Simhadri Basava, Specialist Leader, Deloitte
- Terry Blake, Principal, Deloitte
- Don Edmiston, Senior Advisor, Deloitte
- Joan Sullivan, Executive Deputy Comptroller, Office of the State Comptroller (NY)

CS#16. The DATA Act and OMB’s Grant Reform Proposals
- Gila Bronner, President and CEO, Bronner
- Tammie Brown, Audit Manager, U.S. Department of Health and Human Services

CS#17. Payment Fraud Detection and Techniques
- Karen Bigelow, Vice President and Regional Sales Manager for Government Banking, U.S. Bank
- Darren Muise, Head of Commercial Partnerships, State and Local Government, Visa Inc.

- Scott Bell, Senior Accountant, U.S. Department of the Treasury
- Ed Mazur, Senior Advisor, Public Sector Services, CliftonLarsonAllen

GS#4. Government Productivity: A Peek into the Future Workplace
- Kimberly T. Nelson, Executive Director of e-Government and Director of the U.S. Public Sector’s State and Local Government Solutions Team, Microsoft

WEDNESDAY, AUGUST 15

GS#5. CFO Roundtable
- John Chiang, State Controller (CA)
- Kim R. Wallin, State Controller (NV)
- Mike Winchester, Vice President, Airplane Programs Finance, Boeing Commercial Airplanes

Roundtable Session
- Martin J. Benison, Comptroller (MA)

Download handouts and speaker biographies at www.nasact.org/conferences_training/nasact/conferences/AnnualConferences/2012AnnualConference/materials.cfm.
GAO and SEC Issue Reports on Disclosure in the Municipal Market

Two important reports examining disclosure in the municipal market were issued this month. The first, issued by the U.S. Government Accountability Office as required by the Dodd-Frank Act, looks at disclosure practices and the existing applicability of the Tower Amendment and its place in today’s market environment. The other, and perhaps more important, report was issued by the U.S. Securities and Exchange Commission and is the result of a two-year study of the existing structure and function of the municipal market. The SEC report is particularly noteworthy as it makes a series of legislative and regulatory recommendations aimed at improving the structure of the market and enhancing disclosures provided to investors.

The reports are important for NASACT members for two reasons, the first being efforts by the federal government, through the regulation of municipal bonds, to infringe upon or regulate state fiscal affairs, and the second has to do with attempts to prescribe conformance with generally accepted accounting standards, including determining which body can set such standards and the timeliness of completing the comprehensive annual financial report. Traditionally, issuers in the municipal bond market have been subject to a limited regulatory scheme, due in part to the recognition of state blue sky laws and federal-state comity. The authority to prescribe accounting standards continues to rest solely with the states despite the fact that the states created the Government Accounting Standards Board in 1984 to establish standards of accounting and financial reporting for U.S. state and local governments.

The Dodd-Frank Wall Street Reform and Consumer Protection Act required that the GAO conduct a study and review of disclosure practices of municipal issuers. The study examined:

1. The extent to which information currently provided on municipal securities is useful for investors and the extent to which existing regulations reflect principles for effective disclosure.
2. Options for improving the information issuers disclose to investors of municipal securities.

GAO’s analysis of current regulatory requirements for municipal securities disclosure found that although “…they largely reflected the seven principles of effective disclosure, regulators and market participants said that there are some limitations on the enforceability and efficiency of the regulations.” GAO did not make any recommendations regarding repeal of the Tower Amendment, which prohibits the SEC and MSRB from requiring issuers of municipal securities to file certain documents with those regulators. Rather, the GAO indicates that staff of the MSRB and SEC believe that repealing the Tower Amendment would remove the prohibitions on requiring issuers to file certain materials with them and “…they noted that it would have no real effect on what they can require issuers to disclose because municipal issuers are exempt from SEC registration and MSRB does not otherwise have affirmative authority to regulate municipal issuers.”

The GAO report further reviews suggestions from experts and market participant groups requiring statutory changes, including mandating accounting standards and requiring the submission of financial information at intervals more frequent than annually. This notion is further recognized in the SEC report, which suggests changes to the securities laws to allow the SEC to establish the form and content of financial statements for municipal issuers and recognize the standards of a private sector body as generally accepted (presumably the Governmental Accounting Standards Board) for federal securities laws, and also providing the SEC with attendant authority over such body.

The SEC report looks at many of the same issues highlighted by GAO but goes further in that the Commission is making a series of recommendations that if implemented, could help improve the structure of the municipal securities market and enhance disclosures provided to investors. The recommendations, however, may also result in a challenge to federal-state comity and to the states’ right to promulgate accounting standards.

The report is a result of the comprehensive review that the SEC initiated in 2010 to look at the current regulatory regime in light of the size and importance of the municipal securities market. The recommendations in the report aim to address concerns raised by market participants in public field hearings, through public comment and in meetings with SEC Commissioner Elise Walter and SEC staff.

The recommendations fall into two categories—those that would require legislative changes to the securities laws and those that could be achieved by modifying current regulations—and cover two issue areas: disclosure and market structure. In the area of disclosure, the Commission is proposing the following legislative and regulatory changes:

**Legislative Recommendations**

- Provide the SEC with the authority to set requirements for issuer disclosure, including timeframes, frequency and content (including financial statements and other financial information), and provide the tools necessary to enforce those requirements. The recommendation would not require issuer registration or corporate-like (10-K) disclosures. The recommendation would, however, allow the SEC to consider a scaled approach considering the size of the issuer, the frequency of issuance, and the type of security offered.
- Amend the Securities Act so that conduit issuers are no longer exempt. This approach would require conduit issuers who use municipal securities to finance their projects to follow SEC registration and disclosure requirements.
- Provide the SEC with the authority to establish the form and content of financial statements, including the authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant authority to recognize standards of a private sector body (presumably GASB) as generally accepted for purposes of the federal securities laws, and provide the Commission with attendant...
GAO/SEC Reports (continued from previous page)

authority over such body. The report notes that the authorization could be for purposes of federal securities laws only and that municipal issuers could continue to comply with “other” state accounting principles as applicable in the preparation of the financial statements. It is unclear what such authority might mean.

• Provide the SEC with the authority to require issuers to have their financial statements audited, whether by an independent auditor or state auditor. The report also mentions a scaled approach starting with the largest issuers.
• Offer safe harbor from private liability for forward-looking statements. The safe harbor would only be available to those municipal issuers that provide ongoing public disclosures and provide such information on a current and timely basis.
• Permit the Internal Revenue Service to share with the SEC information that is obtained from returns, audits and examinations related to municipal securities offerings. The recommendation talks about the sharing of information where “appropriate” particularly in instances of suspected securities fraud.
• Provide a mechanism to enforce compliance with continuing disclosure agreements and other obligations.

Regulatory Recommendations

• The SEC could host an annual conference on municipal securities markets. The conference would be for discussion of issues and sharing of information so that the SEC could stay informed about market conditions and ongoing issues.
• The SEC could update current interpretive guidance on disclosure obligations. The update would consider areas where the SEC feels improvements are needed, particularly in light of disclosure-related enforcement regarding financial statements, terms of securities and conflicts of interest.
• The SEC could amend 15(c)-2-12 which prescribes continuing disclosures by requiring underwriters to enter into a continuing disclosure agreement with the issuer. Suggestions from the SEC include amending the definition of final official statement to require additional information about the term of offering, plan of distribution, and retail order period of price. Additionally, the SEC could mandate more specific disclosures related to risks of municipal securities and disclosures about underlying obligors. The SEC could further require that issuers have disclosure policies and procedures in place and improve accessibility of disclosures by having summary official statements and increasing the use of websites.
• The SEC would continue working with the Municipal Securities Rulemaking Board to further enhance EMMA (the Electronic Municipal Market Access system). EMMA is the official repository for continuing disclosures and also maintains additional information that assists investors.
• The SEC could encourage the use of industry best practices and promote the development of additional guidelines and best practices. The recommendation suggests voluntary initiatives by industry in the following areas: primary offerings and ongoing disclosures (including issuer disclosure committees and training), timeliness of financial information, availability of quarterly or interim financial information, increased use of issuer websites, presentation and access to information on municipal securities offerings on an ongoing basis, the use of derivatives, and education efforts.

In the areas of market structure, the report recommends changes to improve pre-trade price transparency, improve post-trade transparency and buttress existing dealer pricing obligations. Many of these reform ideas involve changes that the MSRB could consider requiring of municipal bond dealers by making publicly available information such as best bid, offer prices and yield spread. The SEC also believes the MSRB should pursue efforts to further enhance EMMA to provide better access to pricing information.

NASACT will be examining the report in more detail to determine areas of concern and working with the other state and local government organizations to develop a response to the report. The full report is available at www.sec.gov/news/press/2012/2012-147.htm. The 10-page executive summary in the beginning of the document provides a succinct description of the recommendations. ■

Moody’s Proposes Adjustments to Pension Liability, Asset and Cost Information

In early July, Moody’s investor service issued a request for comment on adjustments to U.S. state and local government reported pension data. According to Moody’s, the proposed adjustments should improve comparability of pension information across governments. Moody’s further reasons that “we propose these adjustments to address the fact that government accounting guidelines allow for significant differences in key actuarial and financial assumptions, which can make statistical comparisons across plans very challenging.” Moody’s is considering the following adjustments to pension information:

• Multiple-employer cost-sharing plan liabilities will be allocated to specific government employers based on proportionate shares of total plan contributions.
• Accrued actuarial liabilities will be adjusted based on a high-grade, long-term corporate bond index discount rate (5.5 percent for 2010 and 2011).
• Asset smoothing will be replaced with reported market or fair value as of the actuarial reporting date.

(article continued, next page)
MSRB Proposes to Dig Deeper Into 529 College Savings Plans

The Municipal Securities Rulemaking Board has issued a request for public comment on a proposal to collect and analyze market information on 529 college savings plans—the investment programs established by states to assist families in saving for future higher education expenses. Some types of information to be collected would include:

- Basic identifying information about each 529 plan.
- Total plan assets and total plan contributions.
- Percentage of contributions derived from automatic contributions.
- Total plan distributions.
- Types of strategies and total assets in each strategy.
- Types of underlying portfolios and total assets in each portfolio.
- Fees and expenses for the plan and for each underlying strategy, and the performance data for each strategy and underlying portfolio.

GAO Releases State Medicaid Expansion Report

With the Supreme Court validating the Patient Protection and Affordable Care Act (PPACA) back in July, states are now responsible for making a number of changes to their Medicaid programs by January 1, 2014, including expanding eligibility levels and streamlining enrollment processes. At the same time, states will need to address the financial implications of implementing the Medicaid expansion and accompanying enrollment systems. The federal government will initially provide states with full funding to cover the cost of adults who are newly eligible for Medicaid due to the expansion. With that in mind, the U.S. Government Accountability Office earlier this month released a report entitled “Medicaid Expansion: States’ Implementation of the Patient Protection and Affordable Care Act.” The new report addressed the following questions:

- What are states’ responsibilities for implementing the Medicaid expansion provisions under PPACA?
- What actions have selected states taken to prepare for the Medicaid expansion provisions of PPACA and what challenges have they encountered?
- What are states’ views on the fiscal implications of the Medicaid expansion on state budget planning?

GAO highlighted six states (Colorado, Georgia, Iowa, Minnesota, New York, and Virginia) that are taking steps to prepare for the Medicaid expansion, including assessing changes that need to be made to existing eligibility levels and eligibility determination policies. GAO noted, “State officials we interviewed said they need additional federal guidance in several areas to address certain requirements under PPACA, including using Modified Adjusted Gross Income to determine an applicant’s Medicaid eligibility, converting current net-income levels to MAGI-equivalent levels, and integrating with the federal data hub.”

The full GAO report can be found at www.gao.gov/assets/600/593210.pdf.

Moody’s Proposal (continued from previous page)

- Annual pension contributions will be adjusted to reflect the foregoing changes as well as a common amortization period.

The report states that “the proposed adjustments would nearly triple fiscal 2010 reported unfunded actuarial accrued liability (“UAAL”) for the 50 states and our rated local governments, increasing UAAL to $2.2 trillion from $766 billion.”

State and local governments are concerned that another set of numbers will further confuse investors who have seen great variation in the liabilities being reported by governments and those being reported by the media.

NASACT will be providing a response to the proposal. Please submit your comments to Kinney Poynter at kpoynter@nasact.org by Friday, September 14 so that a response can be crafted by Moody’s deadline for response on September 30, 2012. Members are also encouraged to respond directly to Moody’s with feedback at cpc@moodys.com by September 30. Members may contact NASACT for a copy of the report or Moody’s subscribers may access the report at www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_PBM143254.
NASACT Business Meeting Highlights

By Glenda Johnson, Communications Manager

NASACT held its yearly business meeting at the recent annual conference in Seattle, Washington, on Tuesday, August 14. President Ronald L. Jones, chief examiner of Alabama, led the meeting. Highlights are provided below. Minutes will be made available at www.nasact.org (members only).

Committee on Accounting, Reporting and Auditing

David J. McDermott, state controller of Colorado and co-chair, provided the report. The CARA met at the conference on Sunday, August 12, and met via conference call on May 1. He reported the following:

• An exposure draft from the Governmental Accounting Standards Board on Government Combinations and Discontinued Government Operations was issued in March. NASACT responded on June 13.
• An ED on Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions was issued in June. NASACT members are currently reviewing the ED and responses are due to NASACT on September 7.
• On June 25, GASB approved two new pension standards: Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68, Accounting and Financial Reporting for Pensions. At its meeting on August 12, the CARA decided to form a work group to assist with the implementation of the new pension standards. (If you are interested in participating in this group, email Kim O’Ryan at koryan@nasact.org.)
• Richard Eckstrom testified earlier in the year on behalf of NASACT on the issue of Economic Condition Reporting: Financial Projections. (NASACT’s official position on the issue can be found online at www.nasact.org/downloads/GASB/LOC/03_12-Economic_Condition_Reporting.pdf.)

The CARA will hold its next conference call on December 4.

Financial Management and Intergovernmental Affairs Committee

D. Clark Partridge, state comptroller of Arizona and chair of the FMIAC, reported on the committee’s recent activities and the issues it is following closely. He referred members to the committee’s briefing paper for information on a number of issues, and he provided an update on a few of the more pressing issues.

On July 31, the Securities and Exchange Commission released a report on the municipal securities market making a series of legislative and regulatory recommendations aimed at improving the structure of the market and enhancing disclosures provided to investors. The report contains a number of recommendations that are concerning for NASACT members (see related article on page 4). NASACT will be working closely with the National Governors Association and other peer groups to monitor developments and respond accordingly.

NASACT continues its efforts, along with other peer groups, to educate members of Congress on the importance of tax exemption for municipal bonds.

NASACT continues to monitor the progress of the Digital Accountability and Transparency Act, which would continue Recovery Act-like reporting for all grants and contracts. While the draft legislation contains a number of positive changes as compared to the original language, including pre-population requirements and consolidation of reporting, such expanded reporting would be an enormous undertaking for state and local governments, particularly since the legislation does not contain a funding provision.

Two issues the committee has worked on for some time were resolved since the last business meeting of the members: repeal of the three percent withholding provision of the Tax Increase Prevention and Reconciliation Act (last fall) and a source of funding for the GASB (new process started February 2012).

Membership Development Committee

Kinney Poynter, executive director, provided the report on behalf of Rebecca Otto, state auditor of Minnesota and chair (article continued, next page)

NASACT Elects New Executive Committee Officers

At the recent NASACT business meeting, association members approved a new slate of officers for FY 2013. R. Thomas Wagner, state auditor (DE) and member of the Nominating Committee (at podium), administered the oath of office. Shown left to right, Richard K. Ellis (UT), treasurer; Calvin McKelvogue (IA), secretary; James B. Lewis (NM), first vice president; Martin J. Benison (MA), president; and William G. Holland (IL), second vice president.
of the committee. Seventy-three principals or deputies were in attendance at the annual conference; eight new members were in attendance. He asked everyone to watch for the new member ribbons on name badges to make the new folks feel welcome. The high number of principals and deputies seems to indicate that the travel assistance program is meeting its goal of getting more members to the annual conference. He reminded members that at a meeting in March 2012, the Executive Committee approved expanding the travel assistance program next year to include $1,000 of assistance plus a free conference registration ($700 value) for each member or designee (for a total value of $1,700).

Finally, he reported that on August 12, the Executive Committee approved lifetime membership for:

- Brenda Bolander, former state controller of Oklahoma.
- Russell Hinton, former state auditor of Georgia.
- Bruce Myers, former legislative auditor of Maryland.
- Tate Reeves, former state treasurer of Mississippi.

### Budget Committee

Calvin McKelvogue, chief operating officer of Iowa’s State Accounting Enterprise and NASACT’s treasurer, provided a budget update. NASACT ended FY 2012 on a positive note. All early signs indicate that NASACT is on target to meet budget in FY 2013.

He reported that NASACT is scheduled to have its annual audit at the end of August.

Finally, he reported that President Jones made him chair of a Finance Committee which was tasked with examining NASACT’s investment strategies and making recommendations for the future. In addition to Mr. McKelvogue, the committee was comprised of the treasurers of the executive committees of both the auditor and comptroller groups, and several state treasurers. The Finance Committee met by conference call and determined that NASACT’s current investment strategy is sound and should not be changed.

### Resolutions Committee

Richard Eckstrom, comptroller general of South Carolina and chair, put forth a motion to approve two resolutions. The following resolutions were unanimously approved by NASACT’s members:

1. Thanking and commending Ronald L. Jones for his service as NASACT’s president in 2011-12.
2. Thanking and commending the Washington State hosts for a memorable and enjoyable annual conference.

### Strategic Planning Committee

Martin J. Benison, comptroller of Massachusetts and chair, provided the report.

Mr. Benison reviewed for members a decision made on Sunday, August 12 by the Executive Committee. Subsequent to the implementation of a new model to fund GASB, at its meeting in March 2012, the NASACT Executive Committee reaffirmed an earlier decision to retain excess GASB funds to support NASACT’s GASB-related activities. However, at the March meeting, the Executive Committee tasked the Strategic Planning Committee with examining the policy for the use of the funds and making recommendations.

Mr. Benison reported that the Strategic Planning Committee recommended to the Executive Committee that excess GASB funds be used to cover:

- Travel expenses for NASACT’s members or staff to attend GASB board meetings, public hearings or other GASB-related meetings.
- Travel expenses for NASACT’s representative on the Governmental Accounting Standards Advisory Council.
- Travel expenses for NASACT representatives to attend hearings or meetings to represent the interests of NASACT, subject to approval by NASACT’s president.
- Other travel expenses or research-related activities conducted in the interest of NASACT members, subject to approval by the Executive Committee on a case-by-case basis.

Investment earnings from the funds will be used for general NASACT operating expenses, consistent with past decisions by the Executive Committee. NASACT staff will provide an annual report to the Executive Committee detailing the expenditure of the funds. The funds will also be audited each year as part of NASACT’s annual audit.

This policy was adopted unanimously by the Executive Committee on August 12.

Mr. Benison reported that in March the Executive Committee also endorsed a dues increase of 3.5 percent annually, beginning in FY 2014. The increase should be compounded over time and considered annually by the Executive Committee for appropriateness.

Per NASACT’s Constitution, dues increases must be voted upon by members. Mr. Benison put forth the motion endorsed by the Executive Committee for consideration by members. The motion was seconded and passed unanimously.

Lastly, he reported that the Strategic Planning Committee meets every three years to undergo a comprehensive review of the association’s strategic plan. The committee is scheduled to conduct this review in early 2013.

### Time and Place Committee

James B. Lewis, state treasurer of New Mexico and chair, gave the report. The 2013 NASACT Annual Conference will be held in Boston on August 10-14, at the Seaport Hotel. The 2014 NASACT Annual Conference will be held in Santa Fe on August 9-13 at the Eldorado Hotel. The 2015 NASACT Annual Conference, which will be the association’s 100th annual conference, will be hosted by William Holland, auditor general of Illinois, in Chicago (dates and hotel to be determined).
Financial Accounting Foundation Trustee Selection Task Force

Mr. Poynter reported that W. Daniel Ebersole, former state treasurer of Georgia, is the newest government representative on the FAF’s Board of Trustees. Ed Harrington will be rolling off the board at the end of December; the Government Finance Officers Association is spearheading efforts to find suitable candidates to nominate for the position.

He reminded members that Robert Attmore’s term as chairman of GASB will end on June 30, 2014. NASACT will be working soon to identify potential candidates to fill the position.

Governmental Accounting Standards Advisory Council

Mr. Benison, who is NASACT’s representative and chair of GASAC, reported that GASAC held its last meeting in June (see page 13 for a recap of the meeting). NASACT’s CARA has established a subcommittee to review GASAC agenda items prior to meetings in order to help Mr. Benison better represent the association’s broader viewpoints.

Center for Governmental Financial Management

Mr. Benison is also chair of NASACT’s CGFM, the association’s 501(c)3 organization created to facilitate international grants and projects.

He reported that NASACT has entered into a cooperative agreement with the CPCE-F, the Mexico comptroller’s association. Representatives from the CPCE-F were in attendance at the annual conference of the National Association of State Comptrollers in March and also at the NASACT conference in Seattle. In May, Richard Eckstrom and Kim Wallin, state controller of Nevada, attended a meeting of the CPCE-F in Mexico.

Mr. Poynter reported that NASACT has been awarded funding from the U.S. State Department to help facilitate the partnership. Mr. Eckstrom will also be attending a meeting of the Council of State Governments to explore additional funding opportunities for NASACT’s partnership with the Mexico comptrollers.

Nominating Committee

Thomas Wagner, state auditor of Delaware and member of the Nominating Committee, moved that the association accept the following slate of officers for 2012-13:

- President: Martin J. Benison, comptroller, Massachusetts.
- First vice president: James B. Lewis, state treasurer, New Mexico.
- Secretary: Calvin McKelvogue, chief operating officer, Department of Administrative Services, Iowa.
- Treasurer: Richard K. Ellis, state treasurer, Utah.

The motion was unanimously approved by the members. Mr. Wagner administered the oath of office to the officers.

Association Report

Mr. Poynter informed the group about a report released by Moody’s proposing a new model for evaluating pensions. While Moody’s indicates in the paper that ratings on states are not likely to change under the proposed revision, it does say that, “the proposed adjustments described in this Request for Comment would nearly triple fiscal 2010 reported unfunded actuarial accrued liability (‘UAAL’) for the 50 states and our rated local governments” (emphasis added). Moody’s is considering four principal adjustments to as-reported pension information:

- Multiple-employer cost-sharing plan liabilities will be allocated to specific government employers based on proportionate shares of total plan contributions.
- Accrued actuarial liabilities will be adjusted based on a high-grade long-term corporate bond index discount rate (5.5 percent for 2010 and 2011).
- Asset smoothing will be replaced with reported market or fair value as of the actuarial reporting date.
- Annual pension contributions will be adjusted to reflect the foregoing changes as well as a common amortization period.

Moody’s states that this proposal is part of its efforts to “bring greater transparency and consistency to the analysis of pension liabilities.” NASACT’s Executive Committee is concerned with Moody’s proposal, especially with the confusion that it will create with GASB’s new pension standards.

NASACT will be providing a response to the proposal. See page 5 for more information and details about how to respond.

Next Meeting/More Information

The next NASACT business meeting will be held at the 2013 NASACT Annual Conference on August 13 in Boston, Massachusetts. Questions about the content of this article may be directed to Glenda Johnson at gjohnson@nasact.org.
NASACT Welcomes New Executive Committee Members

Several new members joined NASACT’s Executive Committee following the NASACT business meeting on August 14:

**Thomas M. Salmon** was elected state auditor of Vermont in 2006. He was re-elected in 2008 and 2010. Mr. Salmon has been a certified public accountant since 1993 and earned his certified fraud examiner status in 2011. He is a member of the Vermont Society of CPAs, the American Institute of Certified Public Accountants and the Certified Fraud Examiners Association. He also serves on the Executive Committee of the National State Auditors Association and is vice chairman of the New England Governmental Audit Forum. He also serves on the U.S. Government Accountability Office’s Domestic Working Group and was the state auditor representative on President Obama’s Administrative Flexibility Workgroup. He has been honored by the Vermont Society of CPAs as Outstanding CPA in Government and received the Community College of Vermont Community Service Award. Mr. Salmon has also been a licensed teacher and a member of various community boards. He currently serves in the U.S. Navy Reserves as a member of the Seabees and returned from active duty in Iraq in March 2009.

**Paul A. Christofferson** is the administrator of the State Accounting Division for the Montana Department of Administration (DofA). In this position he is responsible for the preparation of the state’s comprehensive annual financial report; state accounting policy; issuance and reconciliation of state payments; deposit of cash receipts and reconciliation of the state bank accounts; operations of the financial and budgetary systems within the Statewide Accounting Budgeting and Human Resource System (SABHRS); and local government audit review and accounting systems programs.

Mr. Christofferson has over 22 years of experience in state government accounting and auditing. His prior experience at the state level includes work at the Legislative Audit; Fish, Wildlife and Parks; and Transportation agencies. Prior to coming to work at the DofA, he was loaned to the department to assist in the two year SABHRS (PeopleSoft) ERP system implementation. As the accounting bureau chief at DoFA he led the team that successfully implemented the sweeping changes mandated by GASB Statement 34 and prepared the first financial statements from Montana’s new SABHRS system. He has been in his current position as administrator since June 2006.

His previous life experiences include working 10 years as a carpenter, the last four of which he owned and operated the family construction business.

Mr. Christofferson is a graduate of Helena Montana’s Carroll College, with degrees in business administration and accounting, and is a certified public accountant.

**Manju Ganeriwala** was appointed state treasurer of Virginia by Governor Timothy M. Kaine effective January 1, 2009. Prior to her appointment, she served as deputy secretary of finance in Governor Kaine’s Cabinet. As deputy secretary, Ms. Ganeriwala was a key advisor to the governor on all financial matters of the commonwealth, including the crafting of the biennial state budget, issuing debt, retaining Virginia’s AAA bond rating, and maintaining the commonwealth’s status as one of the best financially managed states.

As treasurer of Virginia, Ms. Ganeriwala manages over $9 billion of the commonwealth’s investment portfolio. She oversees the issuance of bonds and management of debt in excess of $15 billion and provides the commonwealth and its agencies with routine and specialized banking services. Ms. Ganeriwala also serves as the chairwoman of the Treasury Board, and is a member of ten other boards including the Virginia Housing Development Authority, Virginia Port Authority, and the Virginia Resources Authority.

Ms. Ganeriwala’s service to the commonwealth includes her leadership role with the Virginia Department of Medical Assistance Services. She also served in leadership positions at the Virginia Department of Planning and Budget where she served as the agency’s associate director for eight years. Prior to assuming this role, Ms. Ganeriwala served the agency as a senior analyst for six years.

Ms. Ganeriwala holds a bachelor of commerce degree from the University of Bombay and a master’s in business administration degree from the University of Texas at Austin.

Rolling off the Executive Committee were **Nancy Kopp**, state treasurer of Maryland, and **David Vaudt**, Iowa’s auditor of state. **Brenda Bolander**, former comptroller of Oklahoma ended her tenure on the committee in March upon her retirement.

Mr. Salmon and Mr. Christofferson will serve on NASACT’s Executive Committee by virtue of their positions on the executive committees of the auditor and comptroller groups respectively. Ms. Ganeriwala was appointed to serve on the committee by the National Association of State Treasurers.
The following new items have been posted on NASACT’s website:

- CAFR completion dates for FYs 07-11 at www.nasact.org/nasc/positions/CAFR.cfm.

- NSAA technical inquiries on the following topics at www.nasact.org/nsaa/technical/index.cfm (members only content):
  - Electronic Accounting Research Guidance and Practice Aids
  - Single Audit Work Contracted Out
  - Special Taxing Districts

- NASC technical inquiries on the following topics at www.nasact.org/nasc/technical/index.cfm (members only content):
  - Payroll Record Retention
  - Single Audit Billing Allocation
  - Medicaid Management

- The following collaborative surveys or reports at www.nasact.org:

NASACT Seeks Input on GASB ED on Financial Guarantees

On June 25, the Governmental Accounting Standards Board issued the exposure draft Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions. The ED provides guidance to state and local governments that offer nonexchange financial guarantees and for governments that receive guarantees on their obligations. The proposed statement requires a state and local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is “more likely than not” that the guarantor will actually make a payment to the obligation holders under the agreement. Additionally, the proposed statement would require:

- A government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be paid. Such factors may include whether the issuer of the guaranteed obligation is experiencing significant financial difficulty or initiating the process of entering into bankruptcy or financial reorganization.
- An issuer government that is required to repay a guarantor to continue to report a liability unless legally released. When a government is released, the government would recognize revenue as a result of being relieved of the obligation.
- A government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees.

NASACT will be preparing an association position on this ED. Please send your comments for inclusion in NASACT’s response to Kim O’Ryan (koryan@nasact.org) or Sherri Rowland (srowland@nasact.org) by Friday, September 7. Questions may be directed to Kim or Sherri at (859) 276-1147.

Upcoming Information Sharing Calls

September
- NSAA Performance Audit Information Sharing – September 6
- NASC Transparency Information Sharing – September 11
  (this call will include a presentation on the Illinois transparency site)

October
- NASC Paperless Accounts Payable Information Sharing – October 4
- NSAA HR Information Sharing – October 31

November
- NASC State Government Payroll Information Sharing – November 14
- NASC Travel & P-Card Information Sharing – November 28

Get Involved!
For information on participating in any of these calls, contact NASACT’s headquarters office at (859) 276-1147.
Walter Kucharski to Retire on December 31

Walter J. Kucharski, Virginia’s auditor of public accounts, has announced his retirement, effective December 31, 2012. Mr. Kucharski has been Virginia’s auditor of public accounts for almost 28 years. He began his tenure with the Office of the Auditor of Public Accounts in 1977 as an audit director. He became deputy auditor in 1982 and was appointed as auditor of public accounts in November 1984.

Mr. Kucharski has been an active member of NASACT and the National State Auditors Association during his tenure. He received the NASACT President's Award in 2011. He is also a recipient of the American Institute of Certified Public Accountants’ Outstanding CPA in Government Award and the Association of Government Accountants’ William R. Snodgrass Distinguished Leadership Award.

He was a member of the National Single Audit Sampling Project Advisory Board and has long been an advocate of a more efficient and effective single audit process.

Mr. Kucharski is a past president of NSAA, having served on and chaired numerous NSAA committees over the years. He was also a member of the NASACT Executive Committee.

He is a graduate of Ohio University with a bachelor of science degree in accounting. He is a certified public accountant and a certified fraud examiner. Mr. Kucharski belongs to a number of professional organizations in addition to NSAA and NASACT including the AGA, AICPA, Government Finance Officers Association, the Association of Certified Fraud Examiners and the Virginia Society of CPAs.

Tom Meseroll to Retire October 1

Tom Meseroll, assistant state auditor of New Jersey, will retire effective October 1, 2012. Mr. Meseroll is retiring with over 39 years of service.

As the assistant state auditor/technical director, he has provided an experienced level of review and analysis which has guided and contributed to the integrity and reliability of the Office of the State Auditor’s body of work for the past 20 years.

He is a long-time member of the NY/NJ Intergovernmental Audit Forum, an organization dedicated to bringing federal, state and local government audit leaders together to share ideas and experiences and improving the overall coordination of efforts between different levels of government. He is currently New Jersey’s state representative and in the past has served as the forum’s executive director. In 1997, Mr. Meseroll received the organization’s Distinguished Service Award. He is also a recipient of the Education and Training Award and the Distinguished Leadership Award from the Trenton Chapter of the Association of Government Accountants.

Mr. Meseroll served as a member of various committees of the National State Auditors Association, including Peer Review and Audit Standards and Reporting.

NASACT Announces Next Webinar

High Impact Audits and Reports: NSAA’s 2012 Excellence in Accountability Award Winners

NASACT, in conjunction with the Association of Government Accountants and the Association of Local Government Auditors, is pleased to announce the latest webinar.

Each year the National State Auditors Association recognizes outstanding performance audit reports, forensic reports, and special projects through its Excellence in Accountability Awards Program. This webinar will feature an overview of each of the 2012 winning entries. This year’s winners are:

- **Mississippi Office of the State Auditor**
  Special Project: *ARRA in Mississippi – The State Auditor’s Unprecedented Approach to Accountability and Oversight*

- **Washington Office of the State Auditor**
  Forensic Report: *Clallam County Fraud Investigation*

Join us for this informative two-hour training session to learn about the audit techniques used in these award winning audits. Participants will also be given an opportunity to ask questions and share experiences during the last 25 minutes of the webinar.

### High-Impact Audits and Reports

| **Date:** | Wednesday, September 19, 2012 |
| **Time:** | 2:00 - 3:55 p.m. Eastern Time |
| **CPE:** | Two credits |
| **Cost:** | $249.00 per group (unlimited attendance) or $50 per person |
| **Register:** | Register today at www.nasact.org |
GASAC Update

By Martin J. Benison, Comptroller of Massachusetts, and Chair of the Governmental Accounting Standards Advisory Committee

Recent Activities of the Governmental Accounting Standards Advisory Council

GASAC Meeting—June 2012

A meeting of the Governmental Accounting Standards Advisory Council was held on June 18 and 19 in Seattle, Washington, in conjunction with the American Public Power Association’s annual conference. The Council’s agenda included updates on projects on the Governmental Accounting Standards Board’s current technical agenda and the activities of the GASB’s parent organization, the Financial Accounting Foundation, including the FAF’s oversight activities associated with the GASB. Prior to the meeting, Robert Attmore, David Bean and I were able to meet with several members of the APPA’s board. In addition we presented a conference session on the role of GASB and GASAC in an ongoing effort to educate the constituency base.

Report of the FAF

FAF Trustee W. Daniel Ebersole provided an update on various FAF matters. Following the issuance by the U.S. Securities and Exchange Commission of an order approving the establishment of an accounting support fee for the GASB, invoices were issued by the Financial Industry Regulatory Authority to broker-dealers based on their secondary market transactions during the first quarter of 2012. Given the establishment of the GASB accounting support fee, the FAF Board of Trustees decided to make GASB statements and other final GASB pronouncements available to download free of charge from the GASB website, beginning June 1.

The final report on the academic study regarding the scope of the GASB’s activities is expected to be reviewed by the FAF Board of Trustees this summer. Once finalized, the report will be posted to the FAF’s website, along with information about the trustees’ next steps in the process to review the scope of GASB’s activities within the context of its mission. (NOTE: since the writing of this article, the report has been released and is linked at www.nasact.org.)

Representatives of the National Governors Association and NASACT attended the FAF Board of Trustees meeting held in May. The trustees periodically invite representatives of GASAC organizations to meet with them.

The terms of three trustees will end on December 31, including one governmental trustee. Should GASAC members have suggestions for nominees to serve as governmental trustees, they should contact the leadership of NASACT and the Government Finance Officers Association, which facilitate the nominations process for the various governmental organizations.

As part of the FAF’s post-implementation review process, the first review of GASB pronouncements is underway, addressing Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, and Statement No. 40, Deposit and Investment Risk Disclosures. That review is expected to be completed by early in the fourth quarter of 2012.

GASAC Feedback on GASB Projects

GASAC members provided feedback to the GASB on two projects—fair value measurement and application, and fiduciary responsibilities—as well as on GASB’s draft strategic plan and GASB research on the timeliness of financial reporting.

The fair value measurement and application project is examining how governments determine fair value for investments and other assets and when fair value measurements should be displayed in the financial statements. Members of the GASAC offered input on the major tentative decisions made in the project to date, including those related to valuation techniques and the hierarchy of inputs to valuation. Separately, GASAC members provided feedback regarding attributes that may distinguish investments from capital assets, and assets and liabilities that are either now reported at fair value or could be reported at fair value. The GASB is expected to issue an exposure draft on this project in early 2013.

The objective of the fiduciary responsibilities research project is to assess whether additional guidance should be developed regarding whether and how governments should report fiduciary activities in their financial reports. Because existing standards do not provide a basis for a clear answer, there is diversity in practice regarding the interpretation of governments’ fiduciary responsibilities. Specifically, members of the GASAC provided the GASB with input regarding their views on the definition of the term fiduciary and what it means to possess a fiduciary responsibility.

The GASB’s current strategic plan covers 2008–2012. At the request of GASB Chairman Attmore, the Board and staff have gone through an extensive process of reviewing and updating the plan to extend it through 2014. Members of the GASAC offered recommendations for improving the GASAC-related portions of the draft plan, as well as the draft plan overall.

The GASB published the results of its research on the timeliness of financial reporting and its relationship to the needs of financial statement users in March 2011. GASB staff briefed the GASAC on potential next steps in that research, specifically trying to understand the steps in the financial statement preparation process and how they related to the period between fiscal year-end and the issuance date of the financial report. The GASAC members offered suggestions about how that research might be conducted.

At the conclusion of the meeting we discussed the size and scope of the new pension standard and the need for extraordinary efforts to communicate the change to preparers. Chairman Attmore asked GASAC to pay special attention to this issue and do whatever possible to provide educational opportunities.

The next GASAC meeting is scheduled for November 27-28 in New York.
Shifting Gears: Manual to Automatic

A Report for Statewide Financial Reporting and Performance Data Analysis

State government organizations commiserate on the various obstacles in financial data consolidation and reporting—resulting in far-reaching implications for financial transparency, staff efficiency, regulatory compliance and effective planning. To aide in accelerating and streamlining the reporting process, states need effective solutions to get actionable financial information—true intelligence—to incite more informed decisions that drive program performance and efficiency for agencies and constituents.

Recently NASACT worked with its corporate associate program participant Oracle to conduct a study that surveyed state comptrollers, financial reporting managers and accounting directors to address challenges state governments face that currently thwart the acceleration of financial reporting and the optimization of performance data. Survey results were summarized in the report Shifting Gears: Manual to Automatic—A Report for Statewide Financial Reporting and Performance Data Analysis to disclose specific opportunities where organizations can focus to enhance the value of financial reporting and streamline report and information delivery. The survey results—which included responses from 24 states—provide clear feedback on what is and is not working, as well as offer opportunities to help states improve financial reporting and data analysis.

Despite the reference to significant obstacles, many states are pleased with their ability to deliver quality reports on time. More than 62 percent of states surveyed give themselves an “A” or “B” for the ability to deliver timely, useful financial reports to management. However, nearly 38 percent of states give themselves a “C,” “D,” or “F.” Responders revealed several factors impeding improvements—71 percent cited budget reductions as having a significant impact on the ability to support financial reporting requirements and demand. Additionally, many states use legacy, siloed IT systems and antiquated manual methods to consolidate their financial data across departments and systems. For example, nearly 63 percent of states surveyed are using Excel spreadsheets or similar desktop tools, while almost 42 percent are using in-house or custom-built systems to consolidate data.

The consolidation process often requires a great deal of time and staff resources, which is particularly problematic when preparing the Comprehensive Annual Financial Report. One third of states note that their CAFR process is extremely or somewhat inefficient and only four percent say that CAFR generation is completely automated. Drilling down further, 75 percent of the states note that it takes four to six months to complete and finalize the CAFR, while none of the states surveyed can complete the report in three months or less. However, two-thirds of states note that they would like to complete and finalize the CAFR in fewer than 120 days. More efficient, accurate CAFR preparation would enable states to meet regulatory requirements more quickly; provide actionable, timely data to support budget decisions; and allocate staff to other critical activities.

Manual processes and lack of integration with disparate systems and data sources make it difficult—if not impossible—for states to analyze their data and glean real intelligence from it. One quarter of states surveyed note that inefficient manual processes pose the biggest challenge for analyzing data, while 71 percent are using manual spreadsheets or desktop tools to analyze financial data. Notably, one-quarter of respondents revealed they are not able to gain sufficient insight from their data and make use of it to drive actions or contribute to overall performance improvements. And only eight percent of respondents gave their organization an “A” when asked to grade their ability to effectively analyze financial data.

The report revealed and reaffirmed some common challenges in financial data consolidation and reporting. Having a better understanding of the challenges gives states the opportunity to focus and collectively identify a strategic roadmap to chart a path forward.

Example considerations include:

- Examine current processes—define and develop organization-wide priorities and strategies that include information architecture and transition timelines
- Evaluate technology options—choose flexible financial management technology tools that enable states to start small and add new functionality when they need it
- Open doors—select open, standards-based solutions that enable integration between disparate systems and data sources

Get the Report

Download the full report from www.nasact.org to receive additional insights and recommendations on ways to automate and streamline financial data consolidation and reporting.

Get CPE: Attend the Webinar!

Additionally, join NASACT and Oracle on Wednesday, October 10 at 2:00 p.m. ET for the webinar Improving Statewide Reporting & Performance Data Analysis: Success Stories to hear experts further analyze the survey results and share real examples of organizations who are already deploying solutions and processes to improve their financial reporting requirements and streamline information and report delivery. Visit www.nasact.org/conferences_training/events.cfm more details or to register to attend the webinar.

This article was prepared by Oracle, a member of NASACT’s Corporate Associates Program. To find out more about the Corporate Associates Program, visit http://www.nasact.org/nasact/corporate/index.cfm.
2012

September 19  ■  Webinar – NSAA’s 2012 Award Winning Audits/Projects
September 25-28  ■  NSAA IT Workshop & Conference, Nashville, TN
October 10  ■  Webinar – Improving Statewide Reporting & Performance
                           Data Analysis: Success Stories

2013

March 20-22  ■  NASC Annual Conference, Columbia, SC
April 17-19  ■  Middle Management Conference, St. Paul, MN
June 11-14  ■  NSAA Annual Conference, Monterey, CA
August 10-14  ■  NASACT Annual Conference, Boston, MA

2014

August 9-13  ■  NASACT Annual Conference, Santa Fe, NM

There Is Still Time to Register for the 2012 NSAA IT Workshop and Conference!!

By Donna Maloy, Conference Manager

This year’s IT workshop, which will feature the topic of “Auditing Operating Systems and Database Security: Windows, Oracle, SQL Server, Unix,” will be held on Tuesday, September 25. The conference will follow on Wednesday, September 26 through noon on Friday, September 28. Conference topics will include scripting as an auditing tool, auditing web-based applications, database controls, mobile device security and control, data analytic tools, and much more.

■ Conference Hotel – The DoubleTree Hotel Downtown Nashville is in the heart of the city and steps away from the downtown Nashville attractions. The negotiated rate for this year’s conference is $129/night. Hurry – the cutoff date is September 3!

■ Getting There – The DoubleTree Hotel is located 15-20 minutes from Nashville International Airport. Taxi service is available for approximately $24/each way. Gray Line shuttle is available for $14/one way. Gray Line is located just outside of baggage claim. Advance reservations are not required. For complete ground transportation information, visit www.flynashville.com/Ground_trans/bus.aspx.

■ Registration Fees and CPE – Registration fees are $150 for the workshop and $350 for the conference per attendee. Eight continuing education credits will be given for the workshop and 19 credits for the conference.

■ Additional Information – The complete agenda, hotel information and online registration are available on NASACT’s website at www.nasact.org.

Don’t miss your opportunity to hear these very informative presentations and network with your peers. Register today!

Questions about the conference program may be addressed to Sherri Rowland at srowland@nasact.org. Questions about registration or the conference hotel may be addressed to Donna Maloy at dmaloy@nasact.org. ■
NASACT wishes to acknowledge the supporters of the 2012 NASACT Annual Conference. Thank you for your support!

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2013 NASACT Annual Conference  ■ August 10-14, 2013  ■ Boston, MA

It’s not too early to go ahead and mark your calendar for the 2013 NASACT Annual Conference, which will be held in Boston, Massachusetts, at the Seaport Hotel on August 10-14.

All NASACT members (or their designees) will be eligible to receive $1,000 in travel assistance to attend as well as a free conference registration (for a total value of $1,700).
President Ronald L. Jones (AL) kicked off the opening ceremonies and welcomed attendees each morning during the conference.

President Jones and the Washington State hosts during opening ceremonies.

President Jones (middle) and Brian Sonntag (left), lead Washington State host, received a Native American blessing during the opening ceremony of the conference.

Mr. Sonntag, state auditor of Washington, offered his welcome to attendees.

2012-13 Executive Committee officers: William G. Holland (IL), Ronald L. Jones (AL), Martin J. Benison (MA), James B. Lewis (NM), Calvin McKelvogue (IA), and Richard K. Ellis (UT).

After assuming the presidency of NASACT at the business meeting, Mr. Benison addressed members to talk about his priorities for the upcoming year.
Richard K. Ellis (UT) participated in a concurrent session about “Debt Affordability Studies: Impact on Debt Management and Credit Ratings.”

James B. Lewis informed members about locations for the next three annual conferences (2013: Boston, 2014: Santa Fe, 2015: Chicago) in the Time and Place Committee report.

Brian Sonntag (WA, moderator), John Chiang (CA), Kim Wallin (NV), and Mike Winchester (Boeing) offered their management perspectives during the CFO roundtable.

The GASB Update concurrent session was well attended, and included perspectives from a user (Robert Reardon, center, State Farm Insurance) on the usefulness of CAFRs.

Scott Pattison (at podium), executive director of the National Association of State Budget Officers, offered a state fiscal outlook during a concurrent session.

Danny Werfel (U.S. Office of Management and Budget) provided the federal perspective during the CFO roundtable via video conference.