NASACT has focused on a number of major initiatives of importance to members in 2013. Each of these topics has been covered in past newsletters, business and committee meetings, and email updates this year.

Continuing Disclosure
An area of concern and focus for NASACT members for many years, continuing interim disclosure became a top priority in 2013. Last January, a task force was formed to examine continuing disclosure in the municipal market. The main goal of the task force was to develop a list of recommendations on how and what kinds of information could be made available to current and future municipal bond investors on an interim basis. In August, the task force’s work culminated in the release of “Voluntary Interim Financial Reporting: Best Practices for State Governments.” This document outlined ten best practices intended to augment states’ existing disclosure programs. The document was endorsed by the National Federation of Municipal Analysts and received a favorable reception from Securities and Exchange Commission staff at a meeting in September.

The document can be found at www.nasact.org/nasact/publications/papers/best_practices_document.pdf. An implementation task force is being formed and will be working in the coming year to implement the recommended best practices.

Grant Reform Initiatives
In February the U.S. Office of Management and Budget released a proposal to reform grant policies. The proposal covered three areas: administrative requirements, cost principles and the single audit process. The proposal was a follow up to previously circulated ideas and a request for comment distributed in the spring of 2012 that resulted from a series of work groups covering improper payments, single audit and cost circulars. Several NASACT members participated in the OMB work groups whose recommendations served as the impetus for the 2012 draft.

OMB has also proposed changes to Form SF-SAC, or the “Data Collection Form,” for the 2013 audit year. The Data Collection Form is an important required part of an audit submission under OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Additionally, the Federal Audit Clearinghouse has launched a new website for the collection of Circular A-133 audits which will affect how both auditors and entity management submit data to the clearinghouse.

NASACT conducted a webinar discussing the changes on November 21. A recording is available for purchase in the bookstore at www.nasact.org/bookstore/index.cfm.

GASB Agenda-Setting Process
In February, the Financial Accounting Foundation released a proposal outlining changes to the agenda-setting process of the Governmental Accounting Standards Board. The proposed changes were the result of an academic study commissioned by the FAF in 2012. This proposal gave FAF trustees final authority to determine whether projects would fall under the GASB’s agenda-setting mandate, which was a significant change from past practice. NASACT responded to the proposal with several concerns and expressed the desire that if the FAF moved forward with the proposal that the three government trustees on the FAF board play a more prominent role in making decisions about (continued, next page)

NASACT Members: Provide Your Input!
NASACT will soon be issuing several surveys to gather input from members:

- **Membership Satisfaction Survey:** Will be distributed in mid-January.
- **NASACT Annual Conference Topics Survey:** Will be distributed in mid-January.
- **Washington Issues Survey:** Will be distributed in mid-February.
agenda items for the GASB.

Subsequently, the FAF issued a revised proposal that would maintain the GASB’s independence by changing involvement by the FAF trustees from the agenda-setting process to a pre-agenda consultation. NASACT responded to the revised proposal on September 30 with general approval of the approach. In November, the FAF adopted a final policy which became effective immediately. The final policy revised the original proposal so that the GASB will consult with the Standard-Setting Process Oversight Committee in the pre-agenda phase. The policy also clarified that the trustees’ authority lies in their oversight responsibility and their authority to determine whether information constitutes “financial accounting and reporting information.” It also reiterates that the trustees will have no involvement in setting the GASB’s agenda or otherwise being involved in the GASB’s independent standard-setting process.

DATA Act

The Digital Accountability and Transparency Act, also known as the DATA Act, was introduced in both the House and Senate in May. The DATA Act would essentially continue the oversight established by the Recovery Accountability and Transparency Board and would require quarterly reporting of expenditure data for all grants and contracts.

The bill passed the House Committee on Oversight and Government Reform. The substitute language that was offered and accepted was not part of the original version introduced on May 21. The new language would allow the U.S. Office of Management and Budget, at the conclusion of the recipient on May 21. The new language would allow the U.S. Office of Management and Budget, at the conclusion of the recipient view past issues of NASACT News at www.nasact.org or call (859) 276-1147 or (202) 624-5451.

Money Market Fund Proposal

This summer, the SEC proposed rules aimed at reforming the operation of money market funds to avoid the types of runs that occurred at the height of the financial crisis in 2008. The proposals offer two alternative reforms that could be adopted together or alone. One would require a floating net asset value (NAV) for prime institutional money market funds. The second alternative would use liquidity fees and redemption gates during times of stress.

NASACT and other market groups continue to oppose moving from a fixed to a floating NAV, stating concerns over the effect of such a move on local government investment pools. NASACT responded to the proposed rules in September in a letter that can be found at www.nasact.org/downloads/CRC/LOC/09_13_SEC_MMF_Final.pdf. A final rule is expected in the first quarter of 2014.

More Information

For more information about NASACT’s activities in 2013, view past issues of NASACT News at www.nasact.org or call (859) 276-1147 or (202) 624-5451.
MA Deputy Comptroller Testifies Before the IRS on ACA Provisions

Kathy Sheppard, deputy comptroller of Massachusetts, testified before the Internal Revenue Service last month on information reporting requirements in accordance with the Affordable Care Act. Specifically, Ms. Sheppard discussed the proposed rules on Section 6055, information reporting of minimal essential coverage and its impact on state governments.

In accordance with Section 6055, every person/entity providing minimum essential coverage to an individual must file a return and transmittal form with the IRS reporting information for the calendar year of coverage. The person/entity will also have to furnish a statement to the responsible individual or family in the coverage. Minimum essential coverage includes health insurance coverage offered in the individual market through an affordable exchange, an employer-sponsored plan or a government-sponsored program. Reporting is required of plan sponsors of self-insured group plans and/or the agency of a governmental unit that provides coverage under a government-sponsored program.

Ms. Sheppard began her remarks by thanking the IRS for the effort that has gone into simplifying the reporting to the extent possible. Ms. Sheppard then explained some of the cost implications inherent in the new reporting, including significant start-up implementation and system costs for modifications as well as supporting vendor contracts, possible carrier scope, expanded help desk needs, exception processing, training development, and potential new form development and mailing costs.

Ms. Sheppard also stated that while states are generally supportive of the proposal to combine Section 6055 reporting with 6056 reporting, the reporting should be optional to take into consideration successful reporting systems that may already be in place and that make combining the forms undesirable. Section 6056 requires state governments and other large employers to report to the IRS information on the healthcare coverage they offer to their employees in addition to providing statements to employees with the same information.

The IRS is currently considering written comments and those issues discussed during the hearing with the goal of further clarifying and simplifying the new reporting as required by the Affordable Care Act.

NASACT will distribute the final regulations once they become available.

Sheppard Represents NASACT on IRS Advisory Committee

In addition to testifying before the IRS on Affordable Care Act reporting, Kathy Sheppard represents NASACT as a member of the IRS’s Advisory Committee for the Tax Exempt and Government Entities Division (ACT). The ACT is an organized public forum for the IRS and representatives who deal with employee plans, exempt organizations, tax-exempt bonds, and federal, state, local and Indian tribal governments. Also representing NASACT on the ACT are Lisa Pusich (AK) and Robert Jaros (CO).

MSRB Announces Next Municipal Market Education Seminar

The Municipal Securities Rulemaking Board has announced its next public education and outreach seminar for municipal market professionals. The event will be held in Atlanta on January 28. The seminar will cover the development of new regulations for professionals who provide financial advice to state and local governments. Other topics will include:

- **Advancing Municipal Advisor Regulation:** Outlining the MSRB’s approach to implementing a regulatory framework for municipal advisors and providing a forum for questions.
- **Improving Pricing in the Municipal Market:** Enhancing the integrity of the municipal market by improving pricing for investors and issuers.
- **Financial Disclosures on the Electronic Municipal Market Access (EMMA) Website:** Reviewing the resources available to state and local governments for providing investors with regular financial disclosure and demonstrations of the new features available on EMMA.

There is no cost to attend; however, pre-registration is required. The deadline to register is January 23, 2014. For more information, visit www.msrb.org/News-and-Events/Press-Releases/2013/MSRB-to-Host-Education-and-Outreach-Seminar-in-Atlanta.aspx.
Second National Open Government Plan Released

Earlier this month, the Obama Administration issued its second open government plan. In 2011 the President unveiled the first open government initiative aimed at increasing citizen participation, collaboration and transparency in government through a set of 26 commitments. The recently-released plan provides a roadmap for open government initiatives over the next two years.

The plan sets forth commitments in three areas: (1) open government to increase public integrity, (2) open government to manage resources more effectively, and (3) open government to improve public services.

To increase public integrity, the plan seeks to:

• Improve public participation in government through expansion of “We the People” petitions. “We the People” is a platform available on the Whitehouse’s website that provides all Americans with a way to create and sign petitions on a range of issues affecting the nation. The new plan proposes to simplify the process as well as make improvements to enable the public to conduct data analysis of the petitions. The plan will also undertake new metrics to measure progress in public participation.

• Modernize record management so that agencies can better assess the impact of programs while sharing knowledge across agencies.

• Modernize the Freedom of Information Act through the establishment of a consolidated online request portal, common FOIA regulations and practices, a formal FOIA advisory committee, improved agency FOIA process and better training to enhance understanding and efficiency of the process.

• Transform the security classification system so that information will be made public once the need for protecting the information has passed. The new plan also requires the establishment of a security classification reform committee and work with the relevant agencies to determine how to implement a systemic review process for the declassification of historical information on nuclear programs that is no longer sensitive. In addition new tools will be piloted to analyze classified presidential records. Lastly, a commitment will be made to implement a referral and tracking system of declassification reviews.

• Establish a program to standardize processes and procedures for managing controlled unclassified information. Controlled unclassified information includes information regarding privacy, security, proprietary business interests and law enforcement investigations.

• Increase transparency of foreign intelligence surveillance activities through consultation with stakeholders, the release of annual public reports on the U.S. government’s use of certain national security authorities and the review and declassification of foreign intelligence surveillance programs.

• Make privacy compliance information more accessible by making it easier for the public to access privacy compliance reports online and update federal agency data policies.

• Support and improve agency implementation of open government plans by updating and/or developing guidelines for open government plans and for proactive disclosures.

• Strengthen whistleblower protections for government personnel by ensuring government employees know their rights by having agencies comply with the Office of Special Counsel Whistleblower Certification Program. Also, continue to implement the President’s October 2012 directive on protecting whistleblowers and advocate for legislation to expand whistleblower protections; or in the alternative, explore executive authority to expand protections.

• Increase transparency of legal entities by requiring disclosure of information at the time a company is formed and establish a customer due diligence obligation for U.S. financial institutions by enacting a rule to require financial institutions to identify beneficial owners of companies that are legal entities.

To manage resources more effectively the plan will:

• Implement the extractive transparency initiative, which is a standard that increases transparency and accountability in the payments that companies make and the revenues governments receive for their natural resources.

• Make fossil fuel subsidies more transparent by publishing an annual report providing government spending on fossil fuel subsidies.

• Increase transparency in spending by joining the global initiative on fiscal transparency to champion fiscal openness in appropriate global forums. The government will also hold quarterly meetings with external stakeholders to identify and prioritize improvement to the usability of USASpending.gov and make federal spending data more available in open and machine-readable formats. The government will further publish additional federal contracting data and through the Government Accountability and Transparency Board, will provide direction to the federal government on ways to increase federal spending transparency.

• Increase the transparency of foreign assistance by establishing an automated system to publish foreign assistance data on ForeignAssistance.gov.

• Improve Performance.gov by publishing regular process updates on agency and cross-agency goals.

• Consolidate import and export systems by developing guidelines for directing the consolidation of systems to a single window platform.

• Promote public participation in community spending decisions by working with partners such as the National League of Cities to create tools and best practices that communities can use to implement projects and raise awareness of participatory budgeting.
NASBO Releases Fall Fiscal Survey: Modest Improvements in State Budgets Noted

On December 10, the National Association of State Budget Officers released its “Fall 2013 Fiscal Survey of the States.” The report notes continued improvement in state budgets with fiscal 2014 being the fourth year of general fund spending growth. NASBO publishes the fiscal report twice annually with data gathered from the states on general fund receipts, expenditures and balances. NASBO also conducts a separate survey annually entitled the “State Expenditure Report” which provides a more comprehensive view of total state spending. The data is obtained from the budget offices in all 50 states.

The fall fiscal survey finds that while the lingering effects of the recession remain, most states report improvements in their budgets and indicate that budget cuts and gaps have declined and overall revenue collections have outpaced projections. Nonetheless, while improvements will continue in fiscal 2014, states are not projecting the types of gains in revenue that occurred in 2013. In fiscal 2014 projected revenues are expected to rise 0.8 percent as compared to a 5.7 percent increase in 2013. The slower growth in revenue can be explained in part by actions some taxpayers took to avoid higher federal taxes set to begin on January 1, 2013. The report indicates that healthcare, higher education and aid to local governments could be impacted by the slower growth.

Similarly, while states are showing an aggregate growth in state spending, the rate of spending increases remains below historical growth rates. Spending increases remain in the area of K-12 education and Medicaid, with 42 states increasing K-12 budget dollars and 35 states increasing spending for Medicaid. Thirty-nine states have also increased spending for corrections.

The survey concludes that while the volatility in budgets is declining, the rate of growth remains tepid. Rebuilding is slow and many states continue to face high unemployment, slow economic expansion and infrastructure needs that were not addressed during the recession.

For a copy of the report, visit NASBO’s website at www.nasbo.org.

Open Government (continued from previous page)

- Expand VISA sanctions to combat corruption by setting forth ways to strengthen U.S. efforts to deny safe haven to corrupt individuals.

To improve public services the plan seeks to:

- Further expand public participation in the development of regulations by exploring the use of third-party websites for commenting on proposed regulations, continuing to proactively engage and meet with outside stakeholder groups, and building on a Consumer Financial Protection Bureau open source pilot to make regulations easier to read and understand.
- Open data to the public by having federal agencies develop new mechanisms for soliciting feedback and launching a new version of Data.gov to make it easier to discover, understand and use open government data. Further, the federal government will promote and encourage efforts to release agriculture and nutrition data and will release more disaster data in a machine readable format and build tools to assist first responders, survivors and impacted communities.
- Identify best practices and pilot expert networking platforms.
- Continue to implement the digital government strategy to improve government websites by updating OMB policies.
- Promote innovation through collaboration and harness the ingenuity of the American public through the creation of an open innovation toolkit regarding incentive prizes, crowdsourcing and citizen science. Create new challenges and competitions to engage citizens in solving difficult issues.

The goal of the new plan is to engage citizens and non-federal government partners to work toward a more open, transparent and participatory government. Over the next two years the Administration will work toward achieving the aforementioned commitments through targeted directives, engagement and partnerships.

IRS Announces 2014 Standard Mileage Rates

The Internal Revenue Service recently issued the 2014 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes. Beginning on January 1, 2014, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 56 cents per mile for business miles driven.
- 23.5 cents per mile driven for medical or moving purposes.
- 14 cents per mile driven in service of charitable organizations.

These and other requirements for a taxpayer to use a standard mileage rate to calculate the amount of a deductible business, moving, medical or charitable expense are in Rev. Proc. 2010-51. For more information, visit www.irs.gov.
New at www.nasact.org

The following new item has been posted on NASACT’s website:


Melissa Womack (MS) Wins iPad!

Respondents to the conference topics survey for the upcoming annual conference of the National Association of State Comptrollers were entered into a contest to win a free iPad or a free conference registration. Melissa Womack from the Mississippi Department of Finance and Administration was the lucky winner—congratulations Melissa!

NSAA Excellence in Accountability Awards: Entries Accepted Soon

State auditors: watch for information soon about entries for the 2014 Excellence in Accountability Awards given by the National State Auditors Association. An email with instructions on how to submit an entry will be forthcoming in mid-January.

NASACT’s Holiday Schedule

NASACT’s offices will be closed on the following days for the holidays:

- Wednesday, December 25, 2013
- Wednesday, January 1, 2014

NASACT Members Are Invited to Attend Technology Forecast Webinar

NASACT members are invited to attend an upcoming webinar hosted by the National Association of State Chief Information Officers and the Public Technology Institute. The webinar, Technology Forecast 2014, will be held on January 23, 2014, from 2:00 to 3:00 p.m. ET.

NASCIO and PTI will provide a picture of what the technology priorities, issues and trends for state and local governments will be in 2014. Register at www.pti.org/index.php/11/more/174.

GFOA Invites You to Participate In Webinar with SEC on Municipal Advisor Definition


Webinar attendees will learn firsthand from SEC Office of Municipal Securities Director John Cross about the rule, which goes into effect January 13, 2014. Mr. Cross will highlight how the rule will shape communication and interaction between governments and underwriters and financial advisors. The webinar will include a question and answer session to allow participants to raise questions with the SEC about the rule’s implementation and how it could affect their debt management programs.


Upcoming Information Sharing Calls

January 2014

- NSAA Pension Audit Issues Task Force – January 9
- NSAA Performance Audit Information Sharing Group – January 16
- NASACT Pension Standards Implementation Work Group – January 28
- NSAA HR Information Sharing Group – January 29

February 2014

- NASC Payroll Information Sharing Group – February 12
- NSAA Pension Audit Issues Task Force – February 13
- NASC Travel and P-Card Information Sharing Group – February 19

Get Involved!
For information on participating in any of these calls, contact NASACT’s headquarters office at (859) 276-1147.
Association Notes

Suzanne Crouch Named State Auditor in Indiana

Indiana Gov. Mike Pence recently named Suzanne Crouch as the state’s next state auditor. Ms. Crouch will replace Dwayne Sawyer, who will be stepping down after four months on the job.

Mr. Sawyer announced his resignation in late November, citing “family and personal concerns.”

Ms. Crouch is former two-term auditor of Vanderburgh County. She will finish Mr. Sawyer’s term, which ends in 2014, and she will seek election for another term.

She was elected in 2005 to the Indiana General Assembly, where she co-authored the Major Moves infrastructure legislation. She has been serving as vice-chair of the House Ways and Means Committee.

The Indiana state auditor fulfills the comptroller function.

Comptrollers Will Meet in Reno in March 2014

The National Association of State Comptrollers will hold its thirty-third annual conference in Reno, Nevada, on March 12-14. The NASC Program Committee is currently working to develop the conference agenda, which will include the customary roundtable sessions, as well as standards updates, legislative updates and more.

To submit topics for the roundtable sessions, email Kim O’Ryan at koryan@nasact.org.

See the article on the following page for more information about the conference hotel.

Travel Assistance for NASC Members

Members of NASC will be offered up to $750 of travel assistance to attend the conference. The funds may be used to cover registration, hotel, transportation, or other conference-related costs for any member in good standing or their designee.

Questions

Questions about the conference may be directed to Kim O’Ryan at koryan@nasact.org. Questions about the hotel may be directed to Donna Maloy at dmaloy@nasact.org.

NASC 2014: Schedule of Events

Tuesday, March 11
- NASACT Executive Committee meeting
- NASC’s Committee on Accounting and Financial Reporting
- NASC Executive Committee meeting
- Evening reception

Wednesday, March 12
- NASC’s conference, all day
- Reception and banquet

Thursday, March 13
- NASC’s conference, until 3:30 p.m.
- NASC’s business meeting, afternoon

Friday, March 14
- NASC’s conference, ending at around 12:00 noon

Visit www.nasact.org/conferences_training/events.cfm for more information!

NASACT 2014: All Roads Lead to Santa Fe!

Don’t forget to mark your calendar for the 2014 NASACT Annual Conference scheduled for August 9-13 in Santa Fe, New Mexico! The conference will be hosted by NASACT President James B. Lewis, state treasurer of New Mexico, and his co-hosts State Auditor Hector Balderas and State Controller Ricky Bejarano.

NASACT will be offering the travel assistance program to help members attend the event. Members in good standing are eligible to receive up to $2,000 to help cover hotel, airfare, or other travel-related expenses (applicable for the principal or their designee). Don’t miss it!

FAF Names New GASAC Members

The Financial Accounting Foundation recently named six new members to the Governmental Accounting Standards Advisory Council:

- Sandra Moorman, controller, Sacramento Municipal Utility District
- Daniel Smith, assistant professor of public budgeting and financial management, New York University
- Barbara Flickinger, managing director of portfolio surveillance, National Public Finance Guarantee Corporation
- Lealan Miller, director of government services, Eide Bailly
- Robert Schultze, director, Virginia Retirement System
- Stephen Klein, director, Vermont Joint Fiscal Office

For more information, visit www.gasb.org.
Calendar of Events

2014

March 11  ■  NASACT Executive Committee Meeting, Reno, NV
March 12-14  ■  NASC Annual Conference, Reno, NV
April 8-10  ■  NASACT Middle Management Conference, Salt Lake City, UT
April 24-25  ■  Tennessee Government Auditing Training Seminar, Chattanooga, TN
April 28-29  ■  Tennessee Government Auditing Training Seminar, Nashville, TN
May 1-2  ■  Tennessee Government Auditing Training Seminar, Jackson, TN
May 12-13  ■  Tennessee Government Auditing Training Seminar, Morristown, TN
June 10-13  ■  NSAA Annual Conference, Saint Paul, MN
August 9-13  ■  NASACT Annual Conference, Santa Fe, NM
September 30 - October 3  ■  NSAA IT Workshop & Conference, Grand Rapids, MI

Registration Open for Two Upcoming Conferences

By Donna Maloy, Conference Manager

2014 NASC Annual Conference  ■  March 12-14  –  Reno, NV

The 2014 NASC Annual Conference will be held at the Grand Sierra Resort, which offers a wide variety of on-site entertainment, shopping and dining all under one roof. The special negotiated room rate is $69/night for Grand Sierra rooms and $89/night for Summit rooms (single or double occupancy) plus applicable taxes. To book your room, call the Grand Sierra at (800) 648-5080 and ask for the NASC Annual Conference group rate. The cut-off date is February 24, 2014. After this date, rooms will be offered on a space and rate available basis only.

NASC’s Program Committee, which is chaired by David Von Moll, state comptroller of Virginia, is working on the technical program. A draft program agenda will be posted to NASACT’s website in early January.

2014 NASACT Middle Management Conference  ■  April 8-10  –  Salt Lake City, UT

The 2014 Middle Management Conference will be held at the Hilton Salt Lake City Center which is conveniently located in downtown Salt Lake City within walking distance of various eateries and entertainment. The special negotiated room rate is $103/night for single or double occupancy, plus applicable taxes. To book your room, call the Hilton at (800) 445-8667 and ask for the NASACT Middle Management Conference group rate.

The planning committees, consisting of the NSAA Auditor Training Committee, chaired by Courtney Carraway (NC), and the NASC Middle Management Committee, co-chaired by Stacy Neal (MO) and Marcie Handy (UT), have begun working on the conference program.

More Information

To register for these two conferences, visit NASACT’s website at www.nasact.org. There you’ll also find registration fees and transportation information. Draft agendas will be posted as they become available. Questions may be addressed to Donna Maloy at dmaloy@nasact.org or (859) 276-1147.