Looking back over the last year, I can honestly say that the time has flown. It has been an honor to serve as your president. NSAA is one of the best organizations that I have ever been a part of: the members are highly professional, always willing to assist one another, and are very productive. Combine that with top-notch professional staff from NASACT, and we have a winning formula!

When I first became the state auditor of Minnesota, NSAA reached out to me and convinced me to attend an annual conference. They offered a scholarship to help defray my costs, which made it possible for me to attend. Attending the conference was one of the best things I did. Being an active member of NSAA has helped me grow professionally and to forge many valuable relationships. When the economic downturn hit and the Recovery Act arrived, it was helpful to work with other NSAA members to make sure we could meet the increased demands of overseeing ARRA funds with reduced staffing levels.

Based on my positive experiences over the last eight years with NSAA, I would highly recommend that new members become involved and consider serving on an NSAA committee. There are several to choose from, and meetings are normally held by conference call. The committees work on a range of issues important to our work.

NSAA members and our committees stayed busy this year. NSAA's Audit Standards and Reporting Committee created a work group to discuss audit issues related to the implementation of Statement No. 68 from the Governmental Accounting Standards Board. The work group has held seven conference call meetings. I want to thank everyone who put time and energy into the work group, especially Gerry Boaz (TN) who chaired the meetings.

The Audit Standards and Reporting Committee also, in conjunction with state comptroller’s Committee on Accounting and Financial Reporting, responded to two exposure drafts (Pension Transition for Contributions Made Subsequent to the Measurement Date and Measurement of Elements of Financial Statements) and one preliminary views document (Fair Value Measurement and Application) from the GASB. Additionally, the committee responded to two exposure drafts from the American Institute of Certified Public Accountants: the proposed statement on standards for attestation engagements titled Attestation Standards: Clarification and Recodification and the proposed statement on auditing standards titled Using the Work of Internal Auditors. I want to thank all committee members who participated in responding to these due process documents.

NSAA members were also involved in working on NASACT’s response to the Financial Accounting Foundation’s request for input on GASB’s Scope of Authority: Consultation Process. This work helped shape the final outcome for GASB’s process in considering projects. Member input was valued and had an overall positive outcome for the standard-setting system.

NSAA’s Human Resources Committee continued to hold information sharing calls with many states joining in on the conversation. There has been a continuing interest in recruitment, retention and developing our future leaders as long-time employees retire and the economy picks up. This is not a surprise, considering that the ability of our offices to provide strong, effective oversight hinges on having a highly professional, trained, productive and engaged workforce. As the economy continues to improve, attracting and retaining the best and brightest to work in government auditing will most likely become more challenging. This will require all of us to stay on our toes, understand the needs of the next generation of auditors, and be creative to ensure that we are successful. HR information sharing calls work because of the willingness of member offices to share their approaches to recruiting, improving retention, boosting morale, onboarding new staff successfully, and

continued next page
MESSAGE FROM NSAA’S PRESIDENT

handling promotions. I want to especially thank John Geragosian (CT) for serving as the vice-chair of the committee, and Glen Fowler (CA), Scott Frank (KS) and Roland Turner (VA) for always being willing to share what they are doing around HR. The benefit of working on this committee is that you realize many of us face the same issues no matter what part of the country we serve in.

NSAA’s Performance Audit Committee, chaired by Steve Eells (NJ), also continues to hold regular information sharing calls. Most recently, the committee hosted a joint information sharing call with the E-Government Committee to discuss the types of audit provisions that should be included in cloud services contracts.

A very popular service that NSAA offers is the technical inquiry program. When a member wants to find out how other states are handling issues such as purchasing new software, addressing new auditing or transparency requirements, or setting up a hotline, for example, NSAA staff will send out a technical inquiry on their behalf. My office had NSAA send out a technical inquiry, and my staff found the information we received from member offices very helpful. If you want to look back at past inquiries and responses, you can find them in the members only section of NASACT’s website.

Finally, I would be remiss if I did not publicly thank some of our departing members. David Vaudt, former Iowa auditor of state, took the helm as the chair of the GASB on July 1, 2013. He was a very active contributing member including serving as president of the association. In his new position as the GASB chair, David hit the ground running. We look forward to a great working relationship with him in the years to come. I also want to wish a warm farewell to Tom McTavish (MI), as he will be retiring soon after decades of public service in the governmental auditing field. As a result of well-deserved retirements or members moving on to other opportunities, I also want to welcome these new NSAA members: Paul Joyce (IN), Marc Larkins (NJ) and Doug Ringler (MI).

As the president of NSAA, I have the honor and privilege of hosting the NSAA annual conference on June 10-13, 2014. The conference will be held in beautiful downtown Saint Paul, Minnesota. Saint Paul is very easy to get to from the Minneapolis/Saint Paul airport. The Mall of America, a must-see destination, is about a 15-minute drive from the hotel. Located by the mighty Mississippi River, Saint Paul has much to see within walking distance of the conference site.

We have a great agenda planned for the conference! We will have a special focus on technology and making sure we have a strong workforce in the years to come. I hope that Saint Paul’s Midwestern location will provide a great middle ground for everyone to travel to. And I promise: the snow will be gone, the ice will be out on the lakes and rivers, and the grass will be green. See you all soon!

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**NSAA COMMITTEE MEETING SCHEDULE**

The following NSAA committees will meet on Tuesday, June 10, in conjunction with the 2014 NSAA Annual Conference in Saint Paul, Minnesota.

All NSAA members and staff are invited to attend. Conference call-in capability will also be offered. Those wishing to participate by conference call may do so by dialing (512) 225-3050 (guest code 67981#). All meetings are listed in Central time.

<table>
<thead>
<tr>
<th>Time</th>
<th>Committee</th>
<th>Presiding</th>
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<tr>
<td>8:30 a.m.</td>
<td>Human Resources</td>
<td>Rebecca Otto (MN)</td>
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<tr>
<td>9:30 a.m.</td>
<td>Auditor Training</td>
<td>Courtney Caraway (NC)</td>
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<tr>
<td>10:30 a.m.</td>
<td>E-Government</td>
<td>Chloe Haidet (GA)</td>
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<tr>
<td>11:30 a.m.</td>
<td>Peer Review</td>
<td>Elaine Howle (CA)</td>
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<td>1:30 p.m.</td>
<td>Single Audit</td>
<td>Dianne Ray (CO)</td>
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<tr>
<td>2:30 p.m.</td>
<td>Audit Standards and Reporting</td>
<td>Randy Roberts (AZ)</td>
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<tr>
<td>3:30 p.m.</td>
<td>Performance Audit</td>
<td>Steve Eells (NJ)</td>
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<tr>
<td>4:30 p.m.</td>
<td>Executive Committee</td>
<td>Rebecca Otto (MN)</td>
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**IT’S NOT TOO LATE TO REGISTER!**

Visit [www.nasact.org](http://www.nasact.org) to register and find additional details! Questions may be directed to Sherri Rowland at srowland@nasact.org or (859) 276-1147.

**DON’T FORGET THE TRAVEL ASSISTANCE PROGRAM!**

State auditors in good standing are eligible to receive up to $750 in travel assistance to attend the conference. The assistance will be provided as a reimbursement following the conference. Download the travel assistance form at [www.nasact.org/conferences_training/nsaa/conferences/AnnualConferences/2014AnnualConference/2014AnnualConference.cfm](http://www.nasact.org/conferences_training/nsaa/conferences/AnnualConferences/2014AnnualConference/2014AnnualConference.cfm).
NEWS FROM WASHINGTON

SINGLE AUDIT ROUNDTABLE HOLDS FIRST MEETING OF 2014

The first 2014 single audit roundtable was held recently to update participants on issues related to the federal single audit process. The roundtable, which is held twice yearly, is a forum for discussion between the federal government (including federal inspectors general) and state auditors and CPA firms that conduct the single audit. Representatives from state audit offices included George Strudgeon from the Virginia Office of the Auditor of Public Accounts and Kelly Berger-Davis from the Ohio Office of the Auditor of State.

The U.S. Government Accountability Office provided an update on Standards for Internal Control in the Federal Government (the Green Book) and Government Auditing Standards (the Yellow Book). The final revised Green Book is expected to be released this summer. It will address the same 17 principals as COSO but will be modified specifically to fit the government environment. It was also clarified that the reference to the Green Book in the recently released grant reform guidance from the U.S. Office of Management and Budget is intended to be a best practice and not a requirement. The GAO has also established guidance for understanding the new peer review ratings. The guidance clarifies that the reporting threshold between the ratings of “pass” and “pass with deficiencies,” in the 2011 Generally Accepted Government Auditing Standards, is essentially the same as that between an unmodified and a modified opinion under previous GAGAS revisions. The guidance also includes definitions of key terms including “deficiency” and “significant deficiency” in the context of peer review. Further, at the Yellow Book Advisory Council meeting this fall, GAO will be discussing future revisions to the CPE requirements to reflect current trends.

The American Institute of Certified Public Accountants provided an update on practice quality initiatives and on the activities of the Government Audit Quality Center (GAQC). The four GAQC initiatives include:

- Examining the effectiveness of peer reviewers, including review criteria and educational requirements.
- Focusing the peer review on risky industries and areas of concern.
- Making peer reviews more informative.
- Improving engagement tracking.

The GAQC is celebrating its tenth anniversary and now has 24 state audit organizations as members.

Gil Tran from the U.S. Office of Management and Budget reported that OMB continues outreach efforts to educate those affected by the new uniform grant guidance. OMB is expecting federal agency implementation plans in June. Mr. Tran also noted that OMB is getting ready to release the final 2014 compliance supplement. Of note was the removal of the requirement to test 1512 reports and the removal of the testing of “principals” in Section 1. Additionally, Mr. Tran stated that as a result of the Affordable Care Act, auditors will not have to test Medicaid and Medicare eligibility if it is based on modified adjusted gross income.

The next roundtable will take place in Washington, DC, on October 29.

NASACT RECEIVES NFMA’S EXCELLENCE IN DISCLOSURE AWARD

On May 6 the National Federation of Municipal Analysts presented the Excellence in Disclosure Award to NASACT. The award was presented at NFMA’s annual conference held in Orlando, Florida. Nominations were received from the Board of Governors and Disclosure Committee and subcommittee chairs, and the nominees were reviewed by NFMA’s Disclosure Committee.

The Excellence in Disclosure Award recognizes NASACT’s work in promoting interim disclosure reporting by the states and the development of the document Voluntary Interim Financial Reporting: Best Practices for State Governments, which was released by NASACT in August 2013. The best practices were developed by NASACT’s Continuing Disclosures Task Force, which was co-chaired by Kim Wallin, Nevada’s state controller, and Colin MacNaught, assistant treasurer for debt management for the commonwealth of Massachusetts. NFMA supported NASACT’s work by providing comments from the Disclosure Committee and an endorsement by the Board of Governors.

BEST PRACTICES IN VOLUNTARY INTERIM FINANCIAL REPORTING

In August 2013 NASACT released the document Voluntary Interim Financial Reporting: Best Practices for State Governments. The document outlines ten best practices to be implemented by states on a voluntary basis to augment existing disclosure programs. Subsequently, NASACT has formed an Interim Disclosures Implementation Group to implement the best practices and develop tips for other states to do the same.

At left: Cornelia Chebinou, NASACT’s Washington director and staff liaison to the NASACT task force that developed the document, accepted the award from NFMA board member Jeffrey Burger.
The U.S. Government Accountability Office recently released a management report on the U.S. Securities and Exchange Commission entitled *Improvements Needed in SEC’s Internal Controls and Accounting Procedures*. The report follows others on the SEC’s FY 2013 and 2012 financial statements, which included significant deficiencies in internal control over financial reporting. This most recent report communicates some of the less significant deficiencies GAO identified in SEC’s internal controls during the FY 2013 audit, along with related recommendations, and provides an overview of the status of prior GAO recommendations.

In this new report, GAO outlined deficiencies related to:

- Procedures for transferring disgorgement and penalty-related funds to the Department of the Treasury.
- Monitoring of disgorgement and penalty-related cases filed in courts.
- Segregation of duties for recording disgorgement and penalty-related financial data.
- Safeguarding of SEC cash receipts received at its service provider.
- Recording of property and equipment transactions.
- Management’s review of legal contingencies and significant events.

Looking back at previous recommendations, GAO found that several items were still open that the SEC should address:

- Correct the general ledger system configurations to properly account for upward and downward adjustments of prior years’ undelivered orders in accordance with the U.S. Standard General Ledger.
- Develop and implement policies and procedures detailing the steps and documentation required to effectively control and monitor travel expenses paid through the central billing account.
- Develop and implement control procedures to include specific steps for the review, classification, and disposition of collections in order to properly apply collections to an SEC accounts receivable or transfer collections to either another entity or to Treasury.
- Revise control procedures for conducting the annual physical inventory count of property and equipment to include specific steps required to (a) reconcile capitalized property and equipment to be counted with related general ledger balances, (b) reconcile division and office responses to the items listed in the property and equipment report used for the physical count, and (c) assess and appropriately reflect any financial statement impact of any issues identified during the physical count.


In addition to internal control deficiencies, the report identifies several previous recommendations that warrant attention from the SEC.

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**OUR NEW MEXICO HOSTS**

**INVITE YOU TO ATTEND**

**NASACT 2014**

August 9-13, 2014

Santa Fe, New Mexico

The Eldorado Hotel
ASSOCIATION NOTES

LINDA COMBS IS NAMED STATE CONTROLLER IN NORTH CAROLINA

North Carolina Gov. Pat McCrory recently appointed Dr. Linda Morrison Combs as state controller. From 2005-2007 Dr. Combs was controller of the United States. As U.S. controller she worked on the widest possible range of issues at the highest levels of government. She routinely briefed the President of the United States on the status of financial management in the federal departments and frequently testified before numerous Congressional oversight committees. She led Sarbanes-Oxley compliance for the entire federal government. Dr. Combs headed the Chief Financial Officers Council for the entire federal government and was responsible for establishing financial management policies and requirements for the Executive branch of the federal government, totalling $2.7 trillion in revenue.

During her career she has worked for three U.S. Presidents and has earned five Senate confirmations. Previously Dr. Combs has been the chief financial officer at the Environmental Protection Agency where she led that agency to obtain a clean audit opinion with no material weaknesses and received the highest honor awarded—the prestigious Crystal Eagle Award from the President. As assistant secretary of the Department of Transportation she led that agency to be the first federal department to install a single core financial system department-wide.

Dr. Combs has a doctoral degree from Virginia Tech, undergraduate and master’s degrees from Appalachian State University, and is a graduate of the Program for Senior Managers at Harvard University.

Numerous organizations have honored Combs for her excellence in leadership, exemplary performance and outstanding service. These awards include three from the President of the United States and nine awards from various members of the President’s Cabinet.

IN MEMORIAM: BOB GRAHAM, FORMER STATE AUDITOR OF WASHINGTON STATE

On Wednesday, April 16, Robert V. “Bob” Graham, former state auditor of Washington, died at the age of 93.

Mr. Graham was born April 12 in Pacific, Washington, and died at his family home in Olympia.

Mr. Graham took office as state auditor of Washington in 1965 and served for 28 years. One of the lasting legacies from his time as state auditor was his advocacy of performance audit.

Performance audits were a new type of audit being conducted at the time. Several audits that were critical of state agencies caused the Washington legislature to pass a law preventing the state auditor from conducting performance audits, ultimately leaving Washington as the only state not doing performance audits. It took 34 years before the office finally won performance audit authority and a stable funding source to support the function in 2005, a change that happened under the tenure of Mr. Graham’s successor, Brian Sonntag.

PLAN TO ATTEND THE 2014 NASACT ANNUAL CONFERENCE

Join NASACT President James B. Lewis, Hector Balderas and Ricky Bejarano for the 2014 NASACT Annual Conference in Santa Fe, New Mexico, this August 9-13.

CONFERENCE HOTEL: THE EL DORADO HOTEL

The conference will be held at the El Dorado Hotel located in heart of Santa Fe near the historic Plaza and surrounded by rich culture, history and art. This year’s conference rate is $189/night plus applicable tax. To reserve your room, call (800) 955-4455 and ask for the NASACT Annual Conference rate. The cut-off date is July 8, 2014.

DON’T FORGET THE TRAVEL ASSISTANCE PROGRAM!

NASACT principals in good standing (or their designees) are eligible to receive up to $2,000 to attend the conference. These funds can be used to cover travel or registration costs. All funds will be provided in the form of reimbursements after the conference.

SPECIAL ACTIVITIES

Our hosts are planning a number of special activities, including a reception at the historic La Fonda on the Plaza Hotel, a Santa Fe landmark, and an event at the Palace of the Governors. A guest program will also be offered where guests will enjoy a walking tour of historic Santa Fe and a day trip to Chimayo.

MORE INFORMATION

Watch for more details coming soon! Questions about the conference may be directed to Donna Maloy at dmaloy@nasact.org or (859) 276-1147.
ASSOCIATION NOTES

NASACT HOSTS 33rd ANNUAL TENNESSEE TRAINING SEMINARS

Each year NASACT works with the Tennessee Comptroller of the Treasury to plan and conduct the Tennessee Government Auditor Training Seminars Program. This year marked the thirty-third year for this successful training series, with 638 attendees.

The seminars are conducted in four cities across Tennessee—Nashville, Jackson, Chattanooga and Morristown—during the months of April and May and cover topics as diverse as:

- Updates on activities of the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants and the U.S. Government Accountability Office.
- Case studies of fraud, waste and abuse.

The seminars are specifically designed to enhance the skills of auditors in CPA firms that conduct local government audits as well as accountability professionals working in government.

QUESTIONS?
If you are interested in starting a government auditor training program in your state, contact Kinney Poynter at kpoynter@nasact.org.

NASC NAMES COMMITTEE CHAIRS

National Association of State Comptrollers President David A. Von Moll, state comptroller of Virginia, has named chairs and co-chairs of NASC’s committees.

Advisory Committee for State Comptrollers: Technical Activities and Functions (Comptrollers’ Book)
Chair: Merideth Hackney (ID)

Committee on the Financial Plan
Chair: Anna Maria Kiehl (PA)

Committee on Outreach
Chair: Cynthia Cloud (WY)

Constitution and Bylaws Committee
Chair: Calvin McKelvogue (IA)

Middle Management Conference Committee
Co-Chair: Lynne Bajema (OK)
Co-Chair: TBD – host state

Nominating Committee
Chair: Kim Wallin (NV)

Program Committee
Chair: John Reidhead (UT)

Resolutions Committee
Chair: Ed Ross (KY)

Site Committee
Chair: Brandon Woolf (ID)

Committee on Accounting and Financial Reporting
Chair: Alan Skelton (GA)
Vice-Chair: Stacy Neal (MO)

State Government Payroll Information Sharing Group
Co-Chair: Steve Nielson (WA)
Co-Chair: Vicki Smith (TX)

Travel and Purchase Card Information Sharing Group
Co-Chair: Patti Everill (ID)
Co-Chair: Michelle Oliver (FL)

MORE INFORMATION

Full committee rosters and resources (such as minutes, other documents, etc.) can be found at www.nasact.org/nasc/committees/index.cfm.

Most committee work is accomplished via conference call.

To join a NASC committee, contact Kim O’Ryan at koryan@nasact.org or (859) 276-1147. Questions about NASC committee opportunities may also be directed to Kim.

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ASSOCIATION NOTES

WHAT’S NEW AT www.nasact.org?
The following new items have been posted on NASACT’s website:

- NASC technical inquiry on the following topic at www.nasact.org/nasc/technical/index.cfm (members only content):
  - Fees for Garnishments
- A link to the final Digital Accountability and Transparency Act legislation at www.nasact.org.

NASACT SEEKS INPUT ON GASB EDS

The Governmental Accounting Standards Board recently issued an exposure draft entitled Fair Value Measurement and Application.

The ED describes how fair value should be defined and measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

The GASB will hold a live, one-hour, CPE webinar on the exposure draft at 1 p.m. EDT on Tuesday, July 15 aimed at auditors and preparers. On Thursday, July 17 at 1 p.m. EDT, the GASB will host a one-hour, non-CPE webinar for financial statement users. Registration for both events will be announced on the GASB website in the coming weeks.

The ED can be downloaded from the GASB’s website at www.gasb.org. NASACT will be preparing an association position on this ED. The GASB’s deadline for comments is August 15, 2014.

To include your comments in NASACT’s association response to this exposure draft, email them to Kim O’Ryan (koryan@nasact.org) or Sherri Rowland (srowland@nasact.org) by Friday, July 18.

The GASB also recently issued an exposure draft entitled The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

The GASB is proposing reducing the GAAP hierarchy to two categories of authoritative GAAP.

The Board has asked for comments on all matters in this proposed statement, including reasoning behind expressed views and alternatives that could be considered. Where possible, please provide a paragraph reference with comments.

The ED can be downloaded from the GASB’s website at www.gasb.org. NASACT will be preparing an association position on this ED. The GASB’s deadline for comments is December 31, 2014.

The GASB also recently issued the ED Implementation Guide No. 20XX-1.

The Board has asked for comments on all matters in this proposal, including reasoning behind expressed views and alternatives that could be considered.

Where possible, please provide a paragraph reference for comments. The ED can be downloaded from the GASB’s website at www.gasb.org.

NASACT will be preparing an association position on this ED. The GASB’s deadline for comments is December 31, 2014.

To include your comments in NASACT’s association responses to either of these two exposure drafts, email them to Kim O’Ryan (koryan@nasact.org) or Sherri Rowland (srowland@nasact.org) by Friday, October 17.

Due to the size of the Implementation Guide ED, NASACT would like to have at least two volunteers to review each of the chapters. If you would like to volunteer, please contact Sherri or Kim.

UPCOMING INFORMATION SHARING CALLS

JUNE
NASCAT Committee on Accounting, Reporting and Auditing - June 3
NASCAT Pension Implementation Work Group - June 4

JULY
NSAA HR Information Sharing - July 30

AUGUST
NASC Payroll Information Sharing - August 20
NASC Travel and P-Card Information Sharing – August 27

GET INVOLVED!
For information on participating in any of these calls, contact NASACT’s headquarters office at (859) 276-1147.
NEWS FROM GASB

GASB ISSUES EXPOSURE DRAFT ON FAIR VALUE MEASUREMENT AND APPLICATION

The GASB recently issued for public comment a proposed statement addressing accounting and financial reporting issues related to fair value measurements.

The exposure draft *Fair Value Measurement and Application* describes how fair value should be defined and measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

GASB ISSUES CONCEPTS STATEMENT ON MEASUREMENT OF ASSETS AND LIABILITIES

The GASB recently issued Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, which will guide the GASB in establishing accounting and financial reporting standards for U.S. state and local governments regarding the measurement of assets and liabilities.

BOARD MEETING HIGHLIGHTS

The GASB held public meetings April 8–10, 2014, to discuss issues associated with its projects on Fair Value Measurement and Application, Postemployment Benefits, Leases, Fiduciary Responsibilities, and Tax Abatement Disclosures. The Board also began a discussion of its technical plan for May–August 2014. This article addresses key decisions made by the Board during its deliberations on these topics. (For complete minutes of the Board meeting, visit the project pages devoted to each project on the GASB website.)

SPOTLIGHT ON THE GASB PRACTICE FELLOW PROGRAM

The GASB Practice Fellow Program is a unique opportunity for public accountants with at least eight years of experience to participate in the Board’s standard-setting process. Practice Fellow candidates are nominated by their firms and commit to spending two years working at the GASB headquarters in Norwalk, Connecticut, before returning to their sponsor firm.

Additional information about the Fellow Program is available by clicking here or by contacting Robert H. Kalina, vice president of human resources at the Financial Accounting Foundation, at rhkalina@f-a-f.org.

GARS “MOBILE” VERSION NOW AVAILABLE FOR TABLET DEVICES

The Financial Accounting Foundation recently announced the release of a version of the GASB Governmental Accounting Research System® that has been designed for use on tablet devices. GARS Online subscribers can access the new tablet version through iOS (iPad) and Android-based devices at https://gars.gasb.org.

PREPARER SURVEY ON THE EFFECTIVENESS OF STATEMENT 34

NASACT Member Input is Requested

The Governmental Accounting Standards Board is currently conducting pre-agenda research to inform its assessment of the effectiveness of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and related standards. The objective of this research is to gather feedback on these broad questions:

1. What concerns exist regarding the application of the standards?
2. How do the costs of applying the standards compare with the perceptions of the benefits of the resulting information?
3. What financial reporting model requirements are effective or ineffective in providing information that is essential for decision-making and that enhances the ability to assess a government’s accountability?

The GASB has developed an online survey to gather feedback from preparers of governmental financial statements. The GASB would greatly appreciate you taking the time to complete the preparer survey, which can be accessed at www.gasb.org/GASB-reexam-survey.

It is anticipated that the survey will take longer than a typical GASB survey, given the magnitude of the requirements in Statement 34. You can, however, download a copy of the survey in its entirety to consider before entering your responses into the online version. The deadline for completing the survey is Friday, June 6, 2014.

Your input is vital to the GASB’s standards-setting process.

If you have any questions, please feel free to contact Roberta Reese (rereese@gasb.org) or Lisa Parker (ltparker@gasb.org).
GASAC MEETS IN CONJUNCTION WITH NASC IN MARCH, IDENTIFIES PRIORITY PROJECTS FOR CONSIDERATION BY GASB

The Governmental Accounting Standards Advisory Council met on March 11-12 in conjunction with the annual meeting of the National Association of State Comptrollers. Many conference attendees were able to interact with members of the GASAC and the Governmental Accounting Standards Board on an individual level and attend portions of the meeting. Attending the meeting were two of the government trustees on the Financial Accounting Foundation board: Daniel Ebersole, secretary and treasurer of the FAF and former state treasurer of Georgia, and Nancy Kopp, treasurer of Maryland and the newest governmental trustee.

A sub-committee of NASACT’s Committee on Accounting, Reporting and Auditing works with NASACT’s representative on the GASAC, Marty Benison, state comptroller of Massachusetts, to help formulate NASACT’s positions prior to each GASAC meeting. The subcommittee, consisting of Staci Henshaw (VA), Calvin McKelvogue (IA), Craig Murray (MI), Bryan Naab (WI), Brandon Purcell (ID) and Alan Skelton (GA), as well as both Sherri Rowland and Kim O’Ryan from the NASACT staff, reviews GASB position papers in the weeks leading up to the GASAC meetings.

The March GASAC meeting included hundreds of pages of documents as the Council participates in an annual exercise to identify priority projects for GASB to consider. In this year’s review, three NASACT priorities made the highest list of priorities:
1. Reexamination of the financial reporting model.
2. Electronic financial reporting.
3. Note disclosures (Statement 38).

Other priorities identified by the GASAC include popular reporting, interim financial reporting and reexamination of the standards for debt refundings. While these additional items were not at the top of NASACT’s list, NASACT members still have substantial interest in these projects.

NASACT has continued to prioritize sub-reporting unit presentation standards for subsets of the reporting entity (e.g., funds or departments) because both comptrollers and auditors, particularly in large governments, continue to see an increase in the issuance of financial statements without authoritative guidance. This agenda item is one of GASAC’s top-ten priorities. The GASAC’s input fed directly into the GASB’s consideration of the technical plan at its April 2014 meeting. The full prioritization list is on page 10.

Mr. Ebersole reported that David Sundstrom, GASB member, has been reappointed to another five-year term, and Jim Reardon, commissioner of finance and administration in Vermont and the National Governors Association’s representative on the GASAC, has been appointed vice-chairman of the GASAC.

Over the course of the day-and-a-half meeting GASAC members provided feedback to the GASB on issues associated with several projects and issues, including the Financial Reporting Model reexamination pre-agenda research activities; Leases; Fiduciary Responsibilities; Fair Value Measurement and Application; and technical agenda priorities.

With respect to the Financial Reporting Model reexamination, GASB staff provided members of the GASAC with an update on pre-agenda research activities. The GASB staff is conducting research to help the Board assess whether the blueprint for the annual financial statements, notes and supporting information continues to be appropriate for state and local governments and is providing financial statement users with the information they need to make decisions and assess government accountability.

Members of the GASAC described what they perceive as the positive and negative aspects of key features of the financial reporting model. These features include: disaggregating financial information by funds; presenting governmental fund financial statements using the current financial resources focus and modified accrual basis of accounting; and the government-wide financial statements. GASAC members also identified (1) components of the financial reporting model that they consider unnecessary, if any, and (2) essential information that is missing, if any. GASAC members and their constituent organizations have been asked to complete a detailed survey on this project.

The survey was released last week. Mr. Benison emphasized the importance of members using this tool to

continued next page

To join the NASACT sub-committee that provides input to the GASAC, contact Kim O’Ryan (koryan@nasact.org) or Sherri Rowland (srowland@nasact.org).

MARTIN J. BENISON, NASACT’S VOICE ON THE GASAC

Martin J. Benison, state comptroller of Massachusetts, is NASACT’s representative on the GASAC. He also serves as current chairman of the Council. Mr. Benison is immediate past president of NASACT and is active in a number of association committees and projects. He has served as comptroller of Massachusetts since 1999.
communicate with GASB on this important issue (see related article from the GASB on page 8).

The Leases project is reexamining the GASB’s existing lease accounting standards, which have been in effect for almost 30 years. Members of the GASAC provided feedback on the major tentative decisions made since the prior GASAC meeting in October 2013. The GASAC member discussion included how the GASB’s tentative decisions compare with the proposals made by the Financial Accounting Standards Board and International Accounting Standards Board. Members of the GASAC provided input on topics including the methods a government lessee would use to measure the liability and asset associated with a lease, both initially and in subsequent years.

Finally GASAC spent considerable time discussing the current implementation challenges for GASB 68 as the American Institute of Certified Public Accountants releases audit guidance, particularly around multiple employer plans, and the recommendation by some that GASB consider delaying implementation until the audit issues could be sorted out. While GASB ultimately decided not to delay implementation, the meeting proved helpful in emphasizing the complexity of the issues preparers and auditors face.

**GASAC PRIORITIES FOR GASB’S TECHNICAL AGENDA**

1. Financial Reporting Model-Statements 34, 35, 37, 41, and 46 and Interpretation 6
2. Electronic Financial Reporting
3. Interim Financial Reporting
4. Note Disclosures-Statement 38
5. Popular Reporting
6. Debt Refundings and Other Extinguishments of Debt-Statements 7, 23, and 62
7. Financial Performance Measurements
8. Financial Transactions with Characteristics of Both Loans and Grants
9. Reporting Unit Presentations
10. Asset Retirement Obligations
11. Present Value
12. Troubled Debt Restructurings-Statement 62
14. 2a7-Like External Investment Pools
15. Blending Requirements for Certain Business-Type Activities-Statements 14 and 61
16. Conduit Debt-Interpretation 2
17. Emissions Trading (Carbon Credits)
18. Statistical Section-Statement 44
19. Going Concern-Statement 56
20. Compensated Absences-Statement 16
22. Nonexchange Transactions-Statements 33 and 36
23. Termination Benefits-Statement 47
24. Accounting for Equity Interests in Component Units
25. Deferred Compensation Plans-Statement 32
26. Exchange-Like Revenues
27. Impairments of Assets Other Than Capital Assets
28. Irrevocable Charitable Trusts
29. Accounting for Prior-Period Adjustments, Accounting Changes…-Statement 62
30. Capitalization of Interest Costs-Statement 62
31. In-Kind Contributions
32. Preservation Method
33. Escheat Property-Statement 21
34. Revenue Recognition: Exchange Transactions-Statement 62
35. Securities Lending & Reverse Repurchase Agreements-Statement 28 & Interp. 3
36. Inventory-Statement 62
37. Nonmonetary Transactions-Statement 62
38. Pollution Remediation Obligations-Statement 49
39. Regulated Operations-Statements 62 and 65
40. Sales of Real Estate-Statement 62
41. Bankruptcy Statement in light of Detroit, Stockton
42. Research and Development-Statement 62
43. Right of Offset-Statement 62
44. Social Activity Bonds
45. Costs and Initial Rental Operations of Real Estate-Statement 62
46. Landfills-Statement 18
47. Sales & Pledges of Receivables & Future Revenues-Statements 48 and 65

The next GASAC meeting is scheduled to be held July 10-11 in New York in a location convenient to LaGuardia Airport. Observers are always welcome.

If you are considering attending please feel free to reach out to Marty Benison or check www.gasb.org for meeting details.
NEWS FROM AROUND THE NATION

BOSTON FED RESEARCH EXAMINES HOW STATES ASSESS THE AFFORDABILITY OF THEIR DEBT

New research from the New England Public Policy Center at the Federal Reserve Bank of Boston explores the different ways to assess the affordability of state debt and uses those findings to offer guidance to states in examining their own debt burdens.

The report’s author, Senior Policy Analyst Jennifer Weiner, noted:

“…the Great Recession magnified the tension states face in balancing their capital investment needs with their ability to meet debt service requirements given other priorities and obligations. This tension raises an important question: how can states gauge what is an affordable level of debt?”

The report highlights some considerations faced by policymakers or analysts when gauging state debt affordability, including how to define state debt and which metrics and approaches can help assess state debt burdens. It also offers recommendations to help policymakers assess the affordability of potential debt. These include improving transparency around various forms of state debt, examining alternative definitions of debt and multiple debt burden ratios, and timing affordability analyses to inform capital planning.

While the report focuses on New England, an accompanying appendix (available online) provides selected debt ratios for all 50 states.

This paper and an accompanying policy brief that highlights common elements and best practices found in state debt affordability studies are both available at www.bostonfed.org/economic/neppc/index.htm.

QUESTIONS?

Questions may be directed to Jennifer Weiner at (617) 973-2891 or jennifer.weiner@bos.frb.org or Darcy Saas at (617) 973-3177 or darcy.saas@bos.frb.org.

APPLY FOR THE INNOVATIONS IN AMERICAN GOVERNMENT AWARDS

Applications are now being accepted for the $100,000 Innovations in American Government Awards.

Offered by Harvard Kennedy School’s Ash Center for Democratic Governance and Innovation, the Innovations Award is the nation’s premier award for the public sector. It recognizes programs that demonstrate creative and effective government at its best.

All units of government — federal, state, local, tribal, and territorial — from all policy areas are eligible to apply for recognition.

This year, the Ash Center is also offering the Roy and Lila Ash Innovations Award for Public Engagement in Government, a special Innovations Award that will recognize government-led innovations that demonstrate novel and effective approaches to increasing public engagement and participation in the governance of towns, cities, states, and the nation.

The top winner of the Innovations in American Government Award and the winner of the Roy and Lila Ash Award will each receive a $100,000 grant to support replication and dissemination activities in 2015. Top finalists will also receive monetary grants.

Applications and additional information are available at www.innovationsaward.harvard.edu. Applications are due on June 20, 2014.

PARTICIPATE IN THE NASCIO SURVEY ON STATE CYBERSECURITY

In partnership with Deloitte, the National Association of State Chief Information Officers is conducting a national survey on state government cybersecurity, including a simultaneous, but separate survey targeting key state officials. This study, with recommendations, is considered the preeminent national report on states and cybersecurity.

The survey questions are focused on the perspectives of state officials regarding cybersecurity risks and readiness. These are not technical, but policy questions about their confidence and experiences.

NASACT is collaborating with NASCIO to gather background, perspectives and opinions of members on this critical issue to state officials.

The survey takes only 10-15 minutes to complete. If necessary, the online survey can be started, saved, and resumed later to enable you to complete the survey in multiple sessions. The survey responses are confidential and secure. No individual survey participants or states will be attributed in the final survey report.

The deadline for completing the survey is close-of-business on Friday, June 6, 2014.

NASACT members wishing to participate in this survey should email Glenda Johnson at gjohnson@nasact.org for the survey link.
CALENDAR

2014

June 10-13 | NSAA Annual Conference, Saint Paul, MN

July 23 | Webinar: GASB Review - 2014

August 10 | NASACT Executive Committee Meeting, Santa Fe, NM

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

September 30 - October 3 | NSAA IT Workshop & Conference, Grand Rapids, MI

2015

March 10 | NASACT Executive Committee Meeting, Richmond, VA

March 11-13 | NASC Annual Conference, Richmond, VA

June 9-12 | NSAA Annual Conference, Little Rock, AR

August 23 | NASACT Executive Committee Meeting, Chicago, IL

August 22-26 | NASACT Annual Conference, Chicago, IL

September 22-25 | NSAA IT Workshop & Conference, Hartford, CT

MARK YOUR CALENDAR FOR THREE UPCOMING CONFERENCES!

BY DONNA MALOY, CONFERENCE MANAGER

NSAA ANNUAL CONFERENCE

There is still time to register for the NSAA Annual Conference. The conference will be held at The Saint Paul Hotel, on June 11-13, 2014, with committees meeting on June 10. NASACT principals or their designees are eligible for up to $750 in travel assistance to attend this conference.

NASACT ANNUAL CONFERENCE

Join NASACT President James Lewis and our New Mexico hosts for the 2014 NASACT Annual Conference in Santa Fe, New Mexico. This year’s annual conference will be held August 9-13 at the Eldorado Hotel. The conference hosts have developed a slate of social activities that highlight New Mexico and the rich history of Santa Fe. The conference technical program is being developed now and a draft will be posted to NASACT’s website soon. NASACT principals or their designees are eligible for up to $2,000 in travel assistance to be used for travel, accommodations or registration fees.

NSAA IT WORKSHOP AND CONFERENCE

Plan to attend the 2014 NSAA IT Workshop and Conference. This year’s IT workshop and conference will be held September 30 – October 3 at the Amway Grand Plaza Hotel located in Grand Rapids, Michigan. Additional details, including hotel information can be found on NASACT’s website. A draft agenda will be posted soon. Mark your calendars and plan to attend!