

# Emerging Issues in Government Accounting & Auditing

Oregon Audit Summit  
October 20, 2023

R. Kinney Poynter, Executive Director



**NASACT**

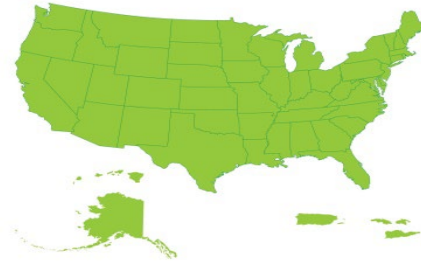
National Association of State  
**Auditors, Comptrollers  
and Treasurers**

# Today's Agenda

- State Fiscal Outlook
- Legislative and Regulatory Issues
- Transparency Initiatives
- Auditing and Accounting Issues
- Other Emerging Issues

# State Fiscal Outlook

## NATIONAL OVERVIEW



▼  
GDP growth:  
2023 – Q2 2.1%; Q1 2.2%;  
overall 2.1% (est.)  
2022 – 2.1% overall; Q1 and Q2  
were negative  
2021 – 5.7% overall, largest  
growth since 1984

▼  
Unemployment:  
September 2023 – 3.8%,  
holding steady near historic 50-  
year lows  
Wages up 3.4% in September,  
cooling from 4.3% in August

▼  
Stock Market:  
2023 – DJIA down 2.1% in  
Q3, first quarterly decline  
since Q3 2022  
YTD up 2.7% through  
September  
2022 – DJIA down 8.8%

▼  
Jobs:  
September 2023 –  
336,000, strongest gain  
since January and up  
sharply from 227,000 in  
August

▼  
Recession:  
July 2023 – forecast of 54%  
risk of recession in next 12  
months (was 61% in April)  
Recession fears are now  
falling; shallow and short-  
lived

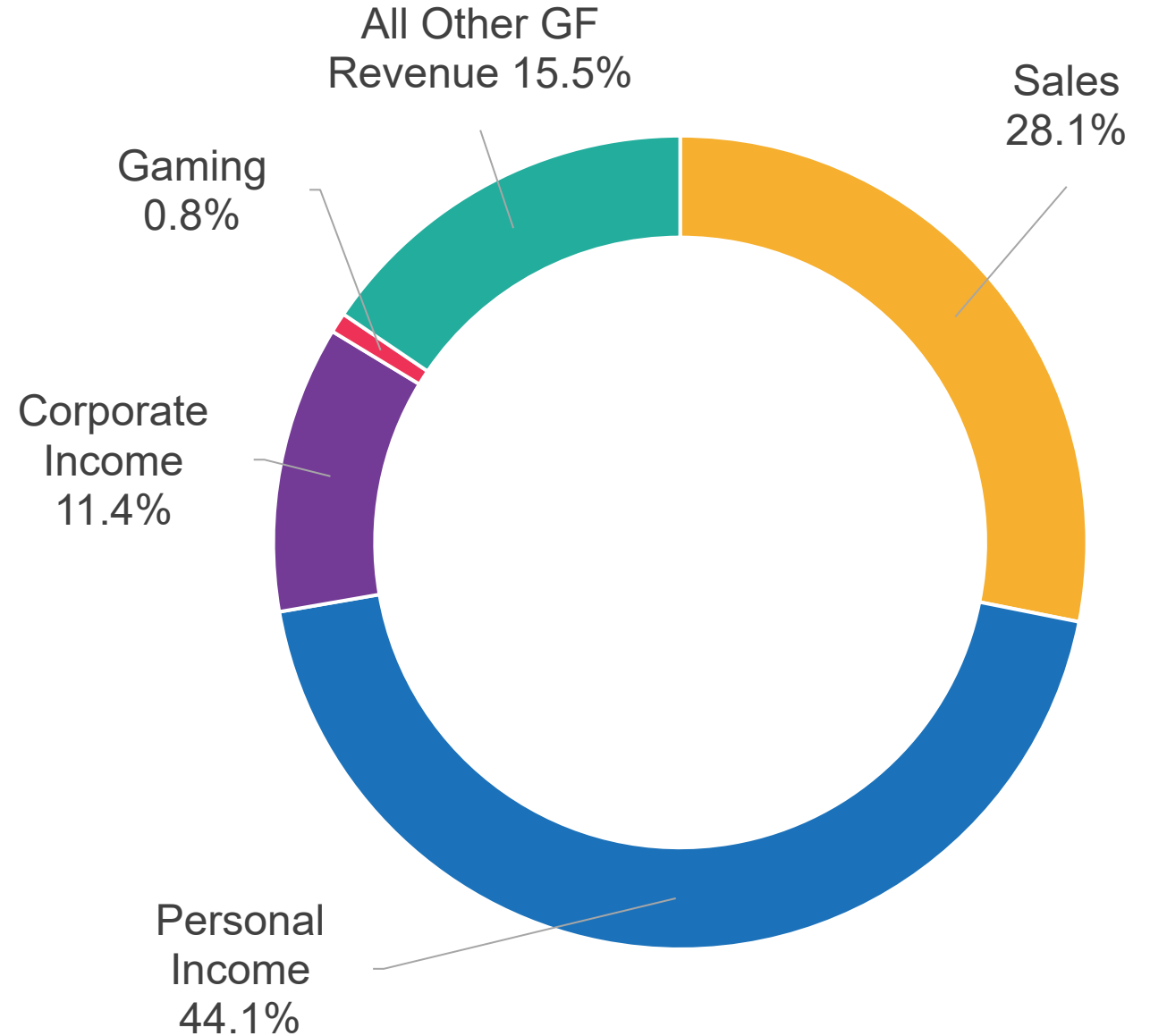
▼  
Interest rates:  
Fed Reserve increased  
rates by .25% in July (now a  
22-year high) but held rates  
steady in September  
Fed trying to address  
inflation which was 3.7% in  
August 2023

# State General Fund Revenue Collections

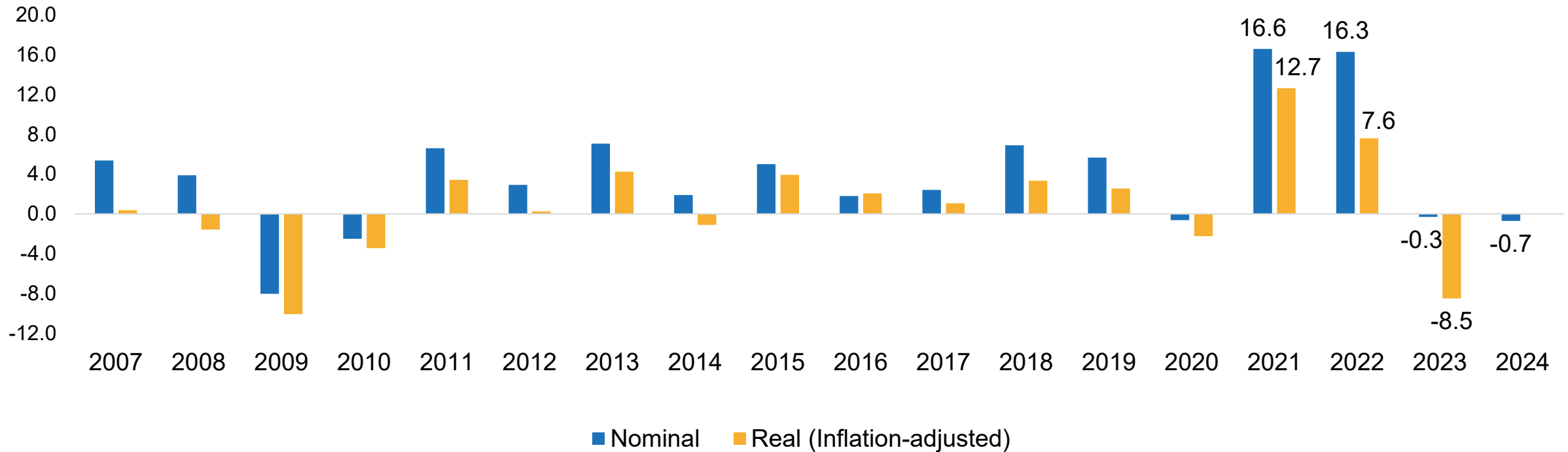


# Revenue Sources in the General Fund (%)

Fiscal 2022  
\$1,184 Billion



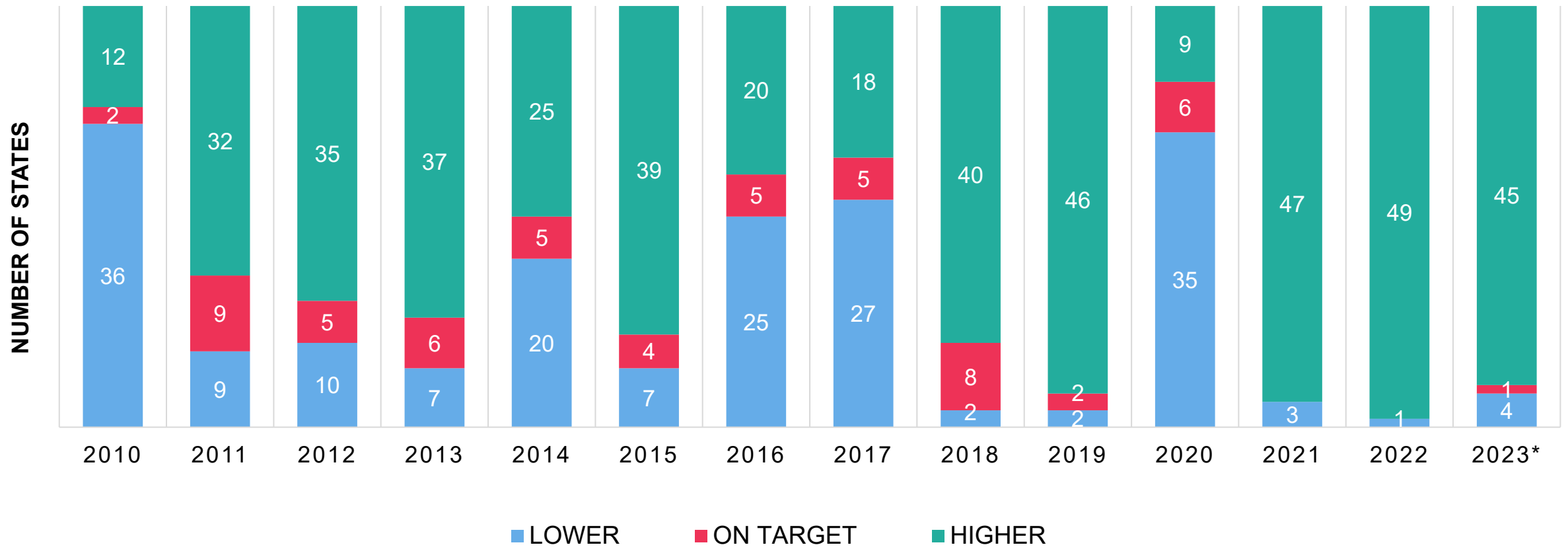
# Annual General Fund Revenue Percentage Changes Fiscal 2007 to Fiscal 2024



*Note: Fiscal 2023 figure is estimated as of spring 2023 and fiscal 2024 figure is projected based on governors' recommended budgets.*

# General Fund Revenue Collections

General Fund Revenue Collections Compared To Original Revenue Projections (By Fiscal Year)

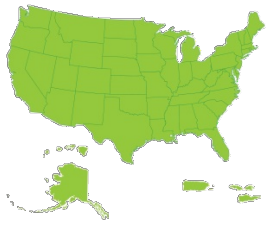


\*Fiscal 2023 is ongoing and figures are subject to change.

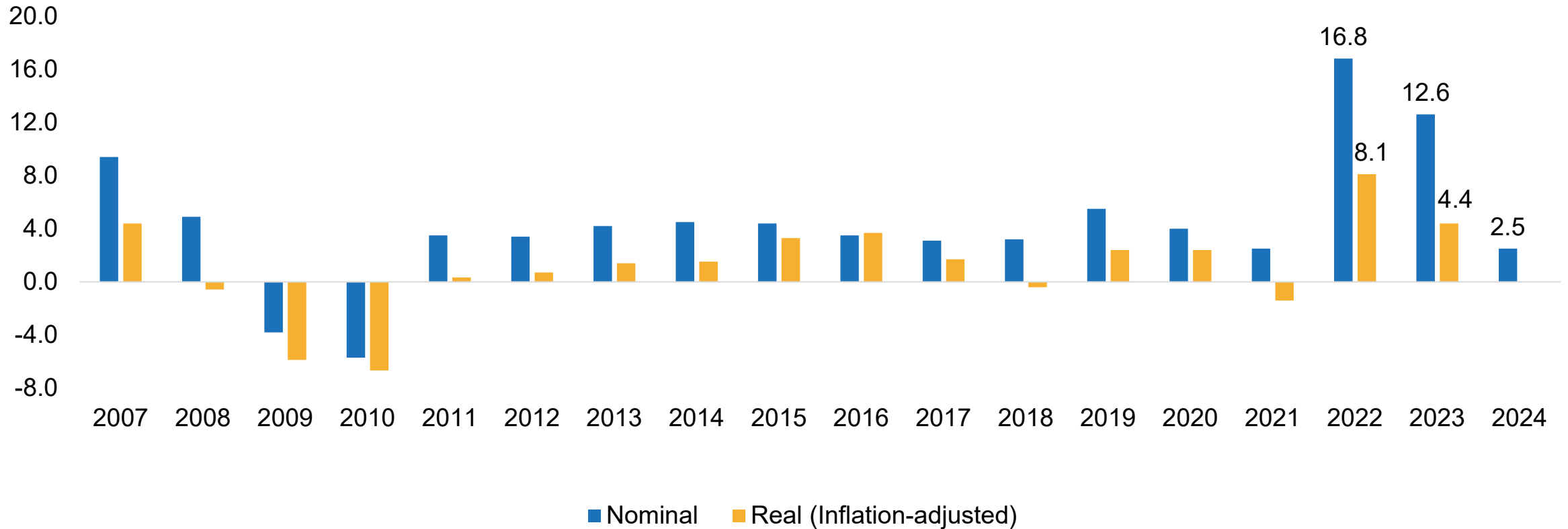


# State Spending Trends





# Annual General Fund Expenditure Percentage Changes Fiscal 2007 to Fiscal 2024

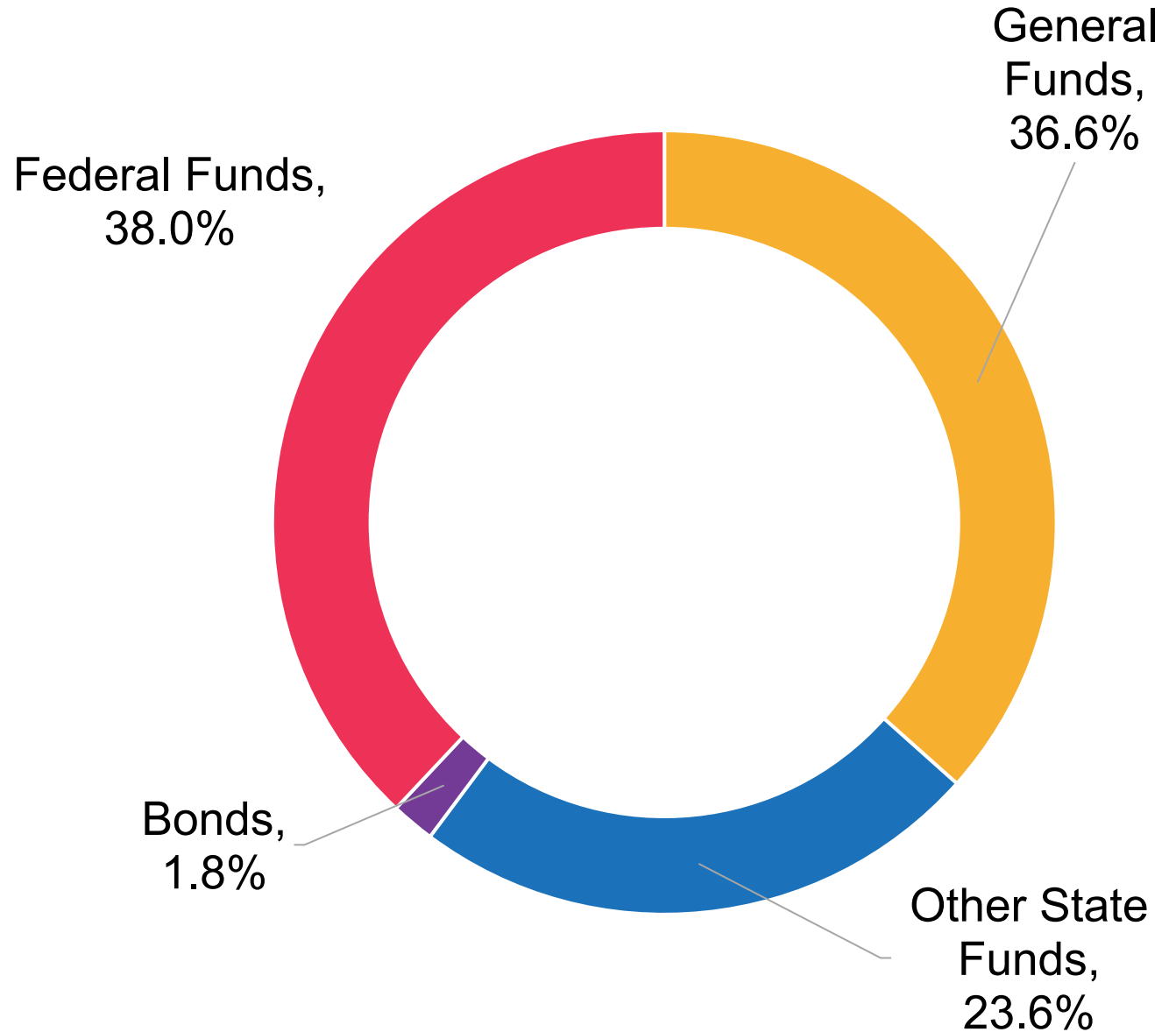


Note: Fiscal 2024 figure is based on governors' recommended budgets.

# Total State Expenditures

By Fund Source

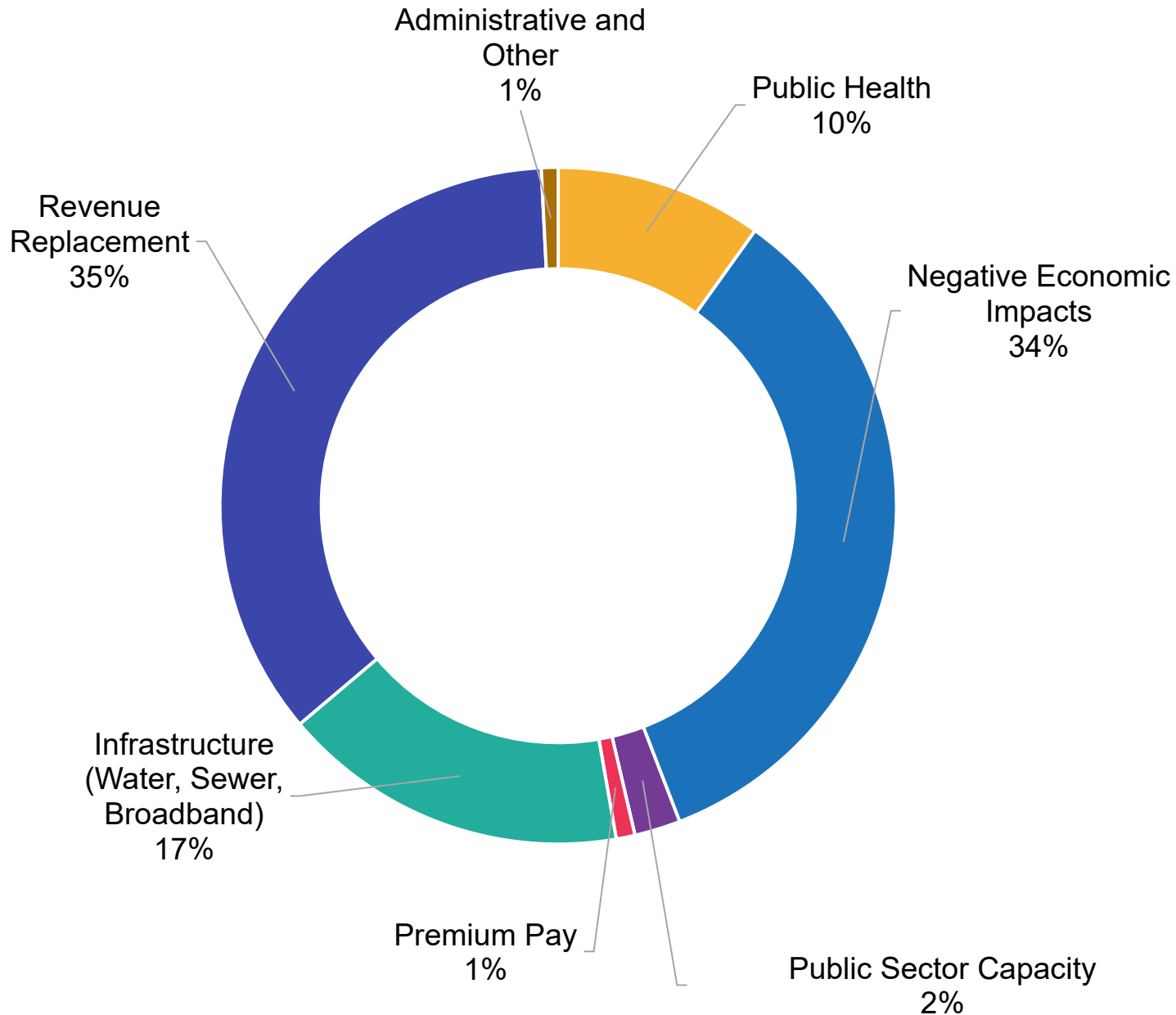
FY 2022



Source: NASBO State Expenditure Report

# State Use of ARPA Funds





## Allocated Coronavirus State Fiscal Recovery Funds by Treasury Expenditure Category

Source: NASBO analysis of states' and territories' 2022 Recovery Plan Performance Reports submitted to U.S. Treasury on July 31, 2022, supplemented with other state documents. In total, more than **80 percent** of SLFRF were allocated at the time of this analysis.

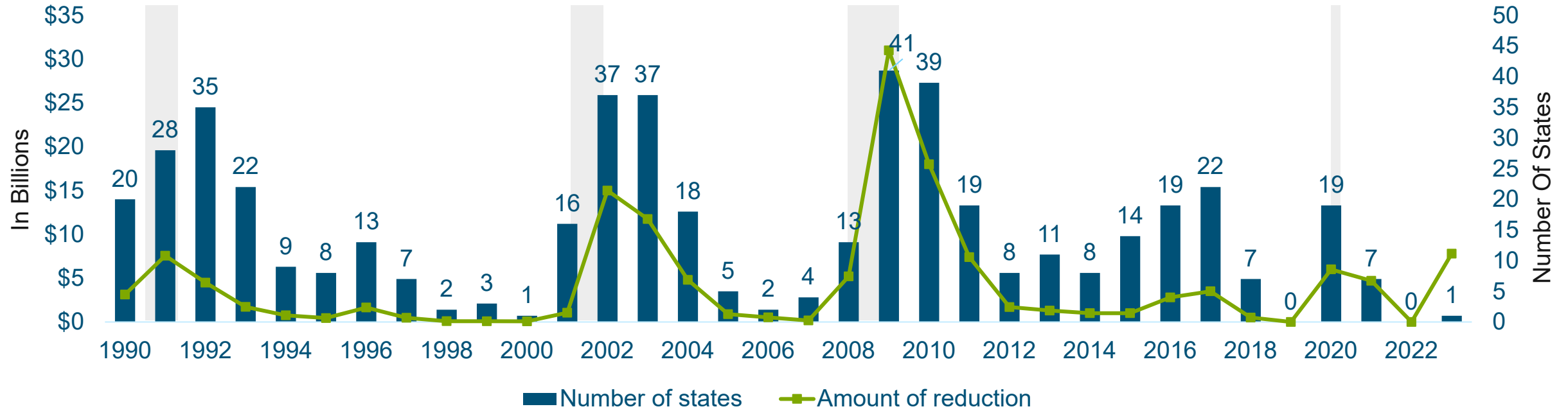


# Mid-Year Budget Cuts & Fund Balances



# Mid-Year Budget Reductions Due to a Shortfall

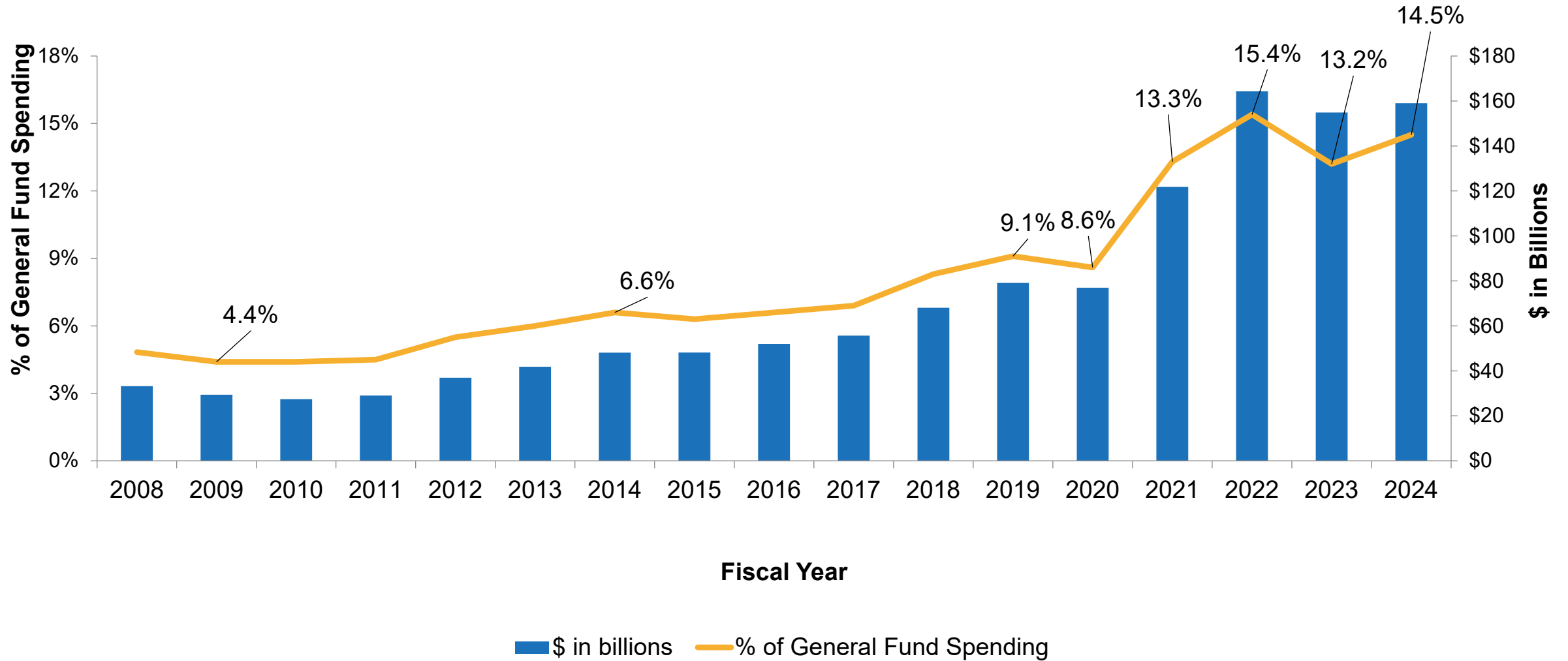
## Budget Cuts Made After The Budget Passed



Gray boxes denote recessionary periods, based on a July-June fiscal year calendar that most states follow. Recession dates are as follows: Early 1990s recession (July 1990 to March 1991); Early 2000s recession (March 2001 to November 2001); Great Recession (December 2007 to June 2009); COVID-19 Recession (February 2020 – April 2020).

Note: Beginning in Fiscal 2018, NASBO asked states reporting net mid-year budget reductions whether the reductions were made due, at least in part, to a revenue shortfall. Effective in FY2018 going forward, only states reporting mid-year budget cuts due to a revenue shortfall are included in the totals reported in this figure. Prior to FY2018, particularly in non-recessionary periods, states that reported mid-year cuts that were due to other reasons, such as a reduction in caseload, would have been included in the counts above.

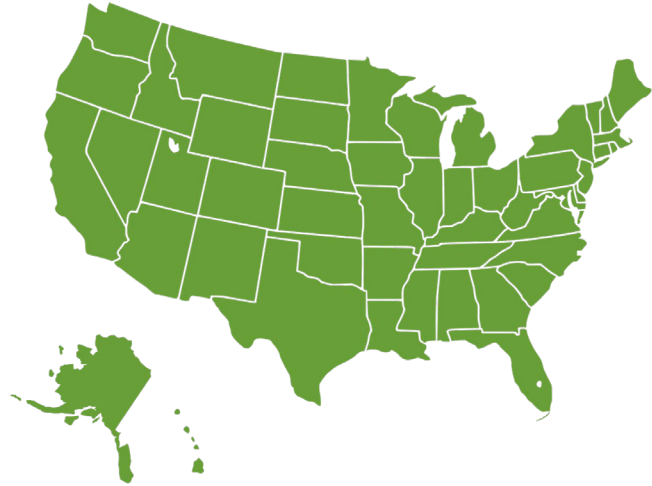
# State Rainy Day Funds



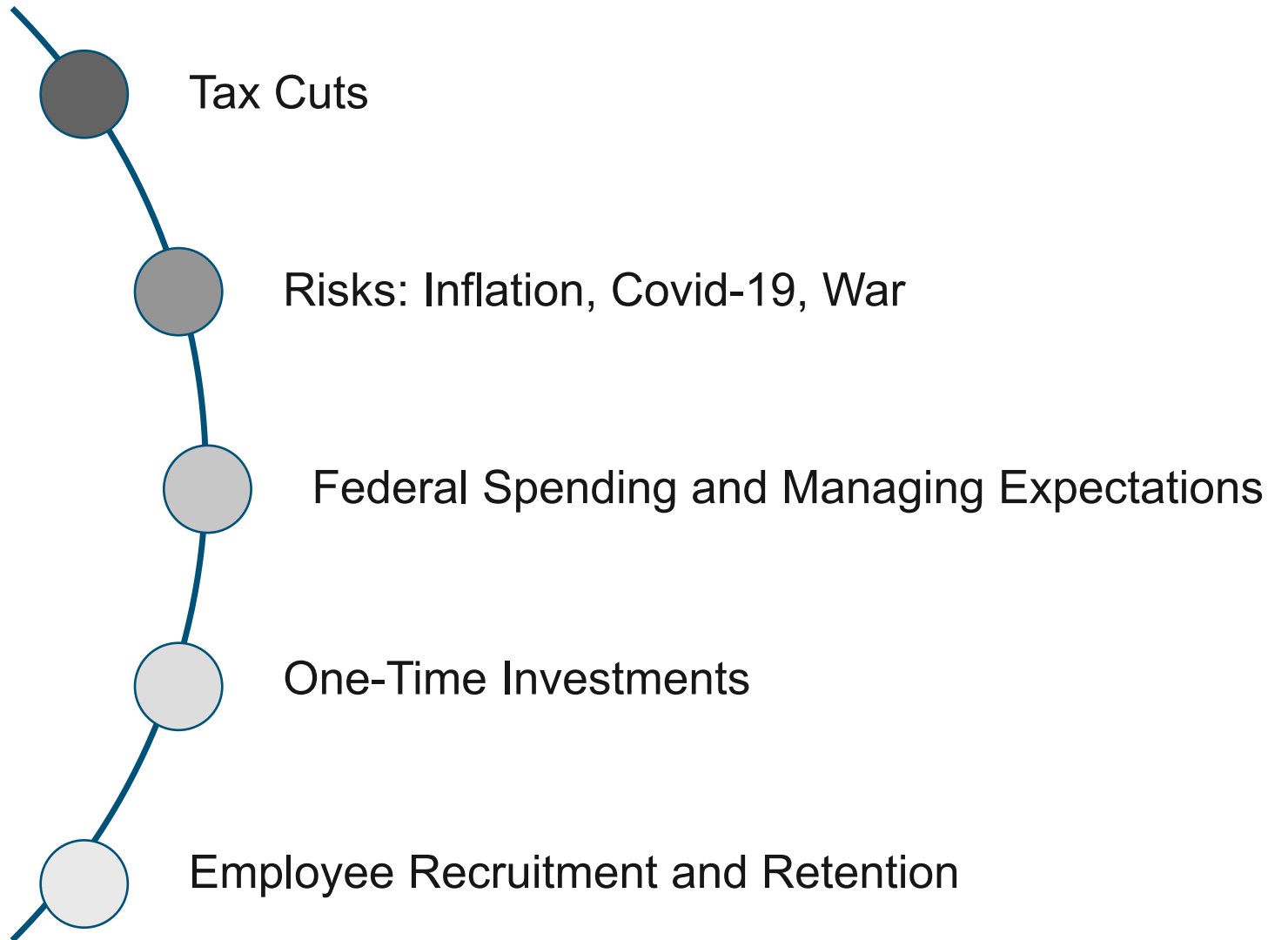


Looking Ahead





# Hot Topics



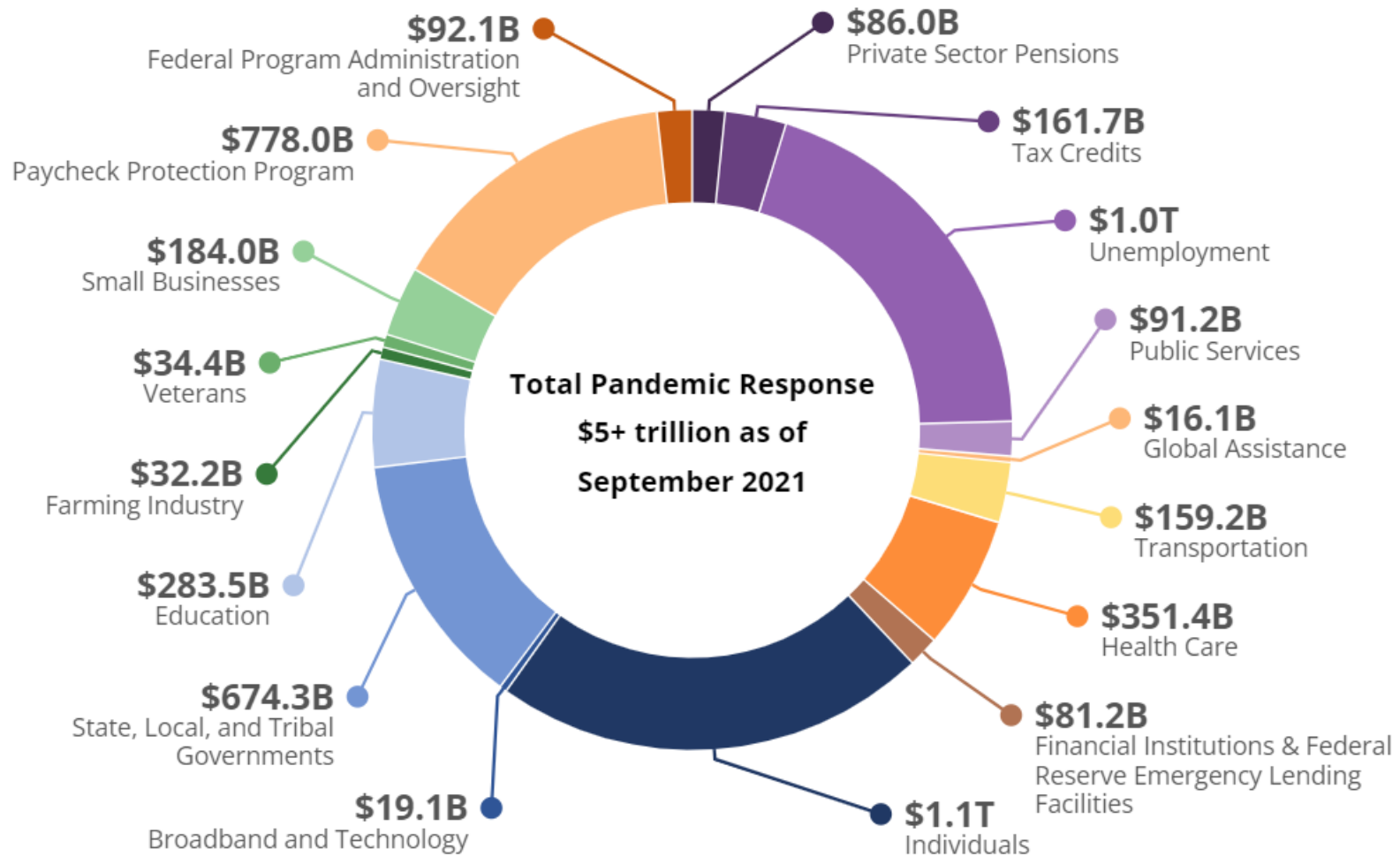
Source: NASBO

# Legislative and Regulatory Issues: COVID-19

# COVID-19: Congressional Response

- Seven wide-ranging laws have been enacted:
  - March 6, 2020: Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 ([Public Law 116-123](#)) – \$8.3B
  - March 18, 2020: Families First Coronavirus Response Act ([Public Law 116-127](#)) – \$192B
  - March 27, 2020: Coronavirus Aid, Relief, and Economic Security Act ([Public Law 116-136](#)) – \$2.2T
  - April 24, 2020: Paycheck Protection Program and Health Care Enhancement Act ([Public Law 116-139](#)) – \$484B
  - December 27, 2020: Consolidated Appropriations Act 2021 ([Public Law 116-260](#)) – \$920B
  - March 11, 2021: American Rescue Plan Act ([Public Law 117-2](#)) – \$1.9T
  - December 23, 2022: Consolidated Appropriations Act of 2023 ([Public Law 117-328](#)) **NEW!**

# Where Did Pandemic Relief Funds Go?



Source: [www.pandemicoversight.gov](http://www.pandemicoversight.gov)

# CRF: Audit/Desk Review Findings

# CRF – Single Audit and Desk Review Findings

- OIG and Treasury management looking to complete complaints resolution, single audit resolution, and desk reviews/audits
- For CRF, **all** states and some local governments that had not previously been desk reviewed will be seeing this over the next six months to one year
- Desk review questions
  - [CARES@oig.treas.gov](mailto:CARES@oig.treas.gov)

# CRF – Single Audit and Desk Review Findings

- Common findings include (from Treasury OIG):
  1. Expenditures outside period of performance (services or purchases before/after the allowable periods to obligate funds)
  2. Lack of supporting documentation
  3. Non-compliance with procurement policies and procedures to include verifying vendor suspension and debarment status
  4. Inadequate subrecipient monitoring
  5. Inaccuracies in the Schedule of Federal Expenditure Awards
  6. Payroll expenses: documentation that expenses are related to public health and safety or substantially dedicated to COVID-19 response



# American Rescue Plan Act (ARPA)

# American Rescue Plan Act (APRA)

- Resources from Treasury - SLFRF
  - [Final Rule](#) (January 6, 2022) – 437 pages!
    - [User friendly overview](#) – 44 pages - much better!
    - [Interim Final Rule](#) (May 17, 2021)
  - [Compliance and Reporting Guidance](#) (September 20, 2022)
  - [Project and Expenditure Report User Guide](#) (July 8, 2022) – includes FAQs
  - [Recovery Plan Reporting User Guide](#) (July 1, 2022)
  - [FAQs](#) (updated April 10, 2023)
  - [Non-entitlement Units of Local Government](#)
    - [Guidance](#)
    - [FAQs](#) (as of June 30, 2021)
  - [OIG contacts](#) are various Federal agencies
  - Questions
    - [SLFRP@treasury.gov](mailto:SLFRP@treasury.gov) or (844) 529-9527
    - [WEBINAR: State & Local Fiscal Recovery Funds: Project & Expenditure Reporting Pt. I](#)

# State and Local Fiscal Recovery Funds

- Eligible Costs Timeframe
  - Funds must be used for costs incurred by **December 31, 2024**
  - Period extends to funds expended by **December 31, 2026**, if funds are obligated by December 31, 2024
  - Costs for projects incurred prior to March 3, 2021, are **not** eligible
  - Any funds not obligated or expended for eligible uses by these timelines must be returned to Treasury
    - Including any unobligated or unexpended funds that have been provided to subrecipients and contractors

# ARPA: Recent Developments

## SLFRF – Key FAQs (July 2022)

- In the definition of “obligation” in the final rule, what does Treasury mean by “similar transactions that require payment?” (FAQ 13.17)
  - Obligation means “an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment”
  - Treasury recognizes that recipients may obligate funds through means other than contracts or subawards (e.g., payroll costs)

# SLFRF – Key FAQs (July 2022)

- FAQ 13.17 (cont.)
  - In these circumstances, recipients must follow state or local law and their own established practices and policies regarding when they are considered to have incurred an obligation and how those obligations are documented.
    - For example, a recipient may have incurred an obligation even though the recipient and its employee may not have entered into an employment contract.
  - This is another example of Treasury providing flexibility

# Consolidated Appropriations Act of 2023

# Consolidated Appropriations Act of 2023

- Impact on CRF
  - Extends the period of performance for Tribal entities by one year
    - Costs should have been obligated by December 31, 2022
    - Expenditures are to be recorded no later than March 31, 2023
    - Closeout reports for tribes should be completed by July 10, 2023, for the period ending June 30, 2023
- Impact on SLFRF
  - Provides greater flexibility in use of SLFRF funds
    - States can invest the greater of \$10 million or 30% of their total SLFRF allocation on new infrastructure-related and natural disaster response activities and Community Development Block Grants projects
    - Codifies the lost revenue standard allowance of \$10 million
  - Treasury issued an interim final rule explaining how entities can use their funds in these new ways



# Consolidated Appropriations Act of 2023

- [Interim Final Rule](#) (new)
  - IFR released by Treasury in August 2023
    - [Overview](#)
    - [One-page](#) summary
  - Effective on September 20, 2023 (date published in the Federal Register)
  - Comments due on November 20, 2023

# Consolidated Appropriations Act of 2023

- Interim Final Rule
  - Adds three **new** eligible uses for SLFRF funding
    - Emergency Relief from Natural Disasters
    - Title I Projects
    - Surface Transportation Infrastructure
  - Recipients must:
    - *Obligate* SLFRF funds in these new categories by December 31, 2024
    - *Expend* SLFRF funds obligated to Surface Transportation projects and Title 1 projects by September 30, 2026 (vs. December 31, 2026)
  - Recipients may continue to use the eligible use categories from the 2022 final rule

# COVID-19: Response from OMB

# COVID-19: OMB's Response

- [Compliance Supplements](#)
- OMB Administrative Memorandums Issued:
  - [M-20-11](#) (March 9, 2020)
  - [M-20-17](#) (March 19, 2020)
  - [M-20-20](#) (April 9, 2020)
  - [M-20-21](#) (April 10, 2020)
  - [M-20-26](#) (June 18, 2020)
  - [M-21-20](#) (March 19, 2021)
- OMB FAQs
  - [CARES Act and M-20-21](#) (June 24, 2020)
  - [ARPA and M-21-20](#) (May 21, 2021)
- [List of COVID-19 Federal Financial Assistance Programs](#) (September 30, 2021)
- Questions
  - [GrantsTeam@omb.eop.gov](mailto:GrantsTeam@omb.eop.gov)
  - [ARP.implementation@omb.eop.gov](mailto:ARP.implementation@omb.eop.gov)

# 2021 Compliance Supplement

- SLFRF
  - Provides an optional alternative compliance examination (ACE) engagement for certain recipients
    - Attempts to balance a reduction of burden of a full single audit with an appropriate level of oversight
      - Estimated to be more than 10,000 entities
    - Conducted in accordance with AT-C section 315, *Compliance Attestation and Government Auditing Standards*
    - Report is submitted to the Federal Audit Clearinghouse
      - Submission deadlines are the same as single audit, including six-month extension provided in OMB memo M-21-20
      - [Alternative Compliance Examination Engagement Report User Guide](#) (August 2022)

# 2021 Compliance Supplement

- SLFRF (cont.)
  - Eligibility
    - SLFRF recipients that expend \$750,000 or more during the recipient's fiscal year in Federal awards and which meet both criteria listed below:
      1. The recipient's total SLFRF award received directly from Treasury or received (through states) as a non-entitlement unit of local government is at or below \$10 million; and
      2. Other Federal award funds the recipient expended (not including their SLFRF award funds) are less than \$750,000 during the recipient's fiscal year.

# 2021 Compliance Supplement

- SLFRF (cont.)
  - Reduces burden
    - Financial statement audit is not required
    - SEFA is not required as the practitioner opines directly on the compliance for a single program
      - Two compliance requirements are applicable
        1. Activities allowed or unallowed
        2. Allowable costs/cost principles
    - Internal control is more limited than 2 CFR 200.514(c)
      - Practitioner focuses on relevant portions of internal control to plan the engagement and assess control risk for compliance with specified requirements

# 2021 Compliance Supplement

- SLFRF (cont.)
  - Reduces burden
    - Still results in an examination opinion (which is similar to a compliance opinion in a single audit)
    - Reporting is simplified compared to a single audit
      - One compliance examination opinion is issued instead of up to three reports for a single audit



# 2023 Compliance Supplement

- New Transportation Programs
  - 20.532 Passenger Ferry Grant Program, Electric or Low Emitting Ferry Pilot Program, and Ferry Service for Rural Communities Program
  - 20.533 All Stations Accessibility Program
  - 20.534 Community Project Funding Congressionally Directed Spending
  - 20.708 Natural Gas Distribution Infrastructure Safety and Modernization Grant Program
  - 20.327 Railroad Crossing Elimination

# 2023 Compliance Supplement

- Higher Risk Programs (Part 8, Appendix IV)

Agency	Assistance Listing (CFDA) Number	Title
Education*	84.425	Education Stabilization Fund
HHS*	93.498	Provider Relief Fund
HHS**	93.778/93.777/93.775	Medicaid Cluster
Treasury*	21.023	Emergency Rental Assistance
Treasury*	21.026	Homeowner Assistance Fund
Treasury*	21.027	Coronavirus State and Local Fiscal Recovery Funds
Treasury*	21.029	Capital Projects Fund
Interior *	15.252	Bipartisan Infrastructure Law (BIL) Abandoned Mine Land (AML) Grants
Social Security	96.001/96.006	Disability Insurance/Supplemental Security Income

\* These programs were created by one of the laws cited at the beginning of this section and are thus considered 100% COVID-19 funding or IIJA funding.

\*\* These programs were existing programs that received additional funding from one or more of the laws cited at the beginning of this section.

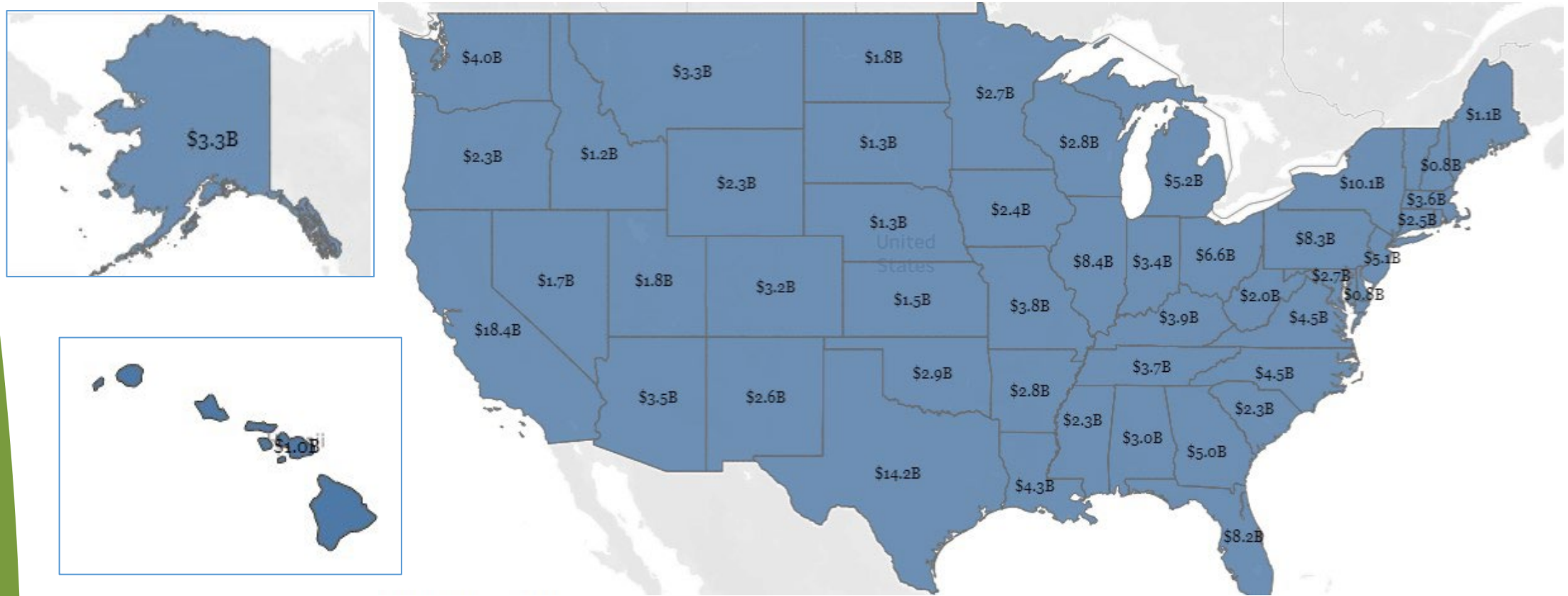
# **Legislative and Regulatory Issues: Infrastructure Investment and Jobs Act (IIJA)**

# Infrastructure Investment and Jobs Act (IIJA)

- [H.R. 3684](#) – signed into law on November 15, 2021
  - Provides \$1.2 trillion for transportation and infrastructure spending
    - \$550 billion for new investments and programs
      - \$176 billion for roads, bridges and railways
      - \$1.3 billion for state and local cybersecurity grant program
    - NGA [tool](#) shows programs (existing and new) receiving funding
  - SLFRF funds may be used to meet non-federal match requirements of authorized Bureau of Reclamation projects and certain broadband deployment projects
  - [OMB M-22-12](#) and [Fact Sheet](#) (April 29, 2022)

# IIJA: Overview of Funding

As of February 15, 2023, nearly \$200B in IIJA formula and discretionary funding announcements have been made.



# Legislative and Regulatory Issues: Other Issues

# Proposed Revisions to *Guidance on Grants and Agreements*

- Long-awaited proposed changes to 2 CFR released by OMB
  - Federal Register [notice](#) on October 5, 2023
    - Redline [version](#) (very helpful!)
  - Comments due by December 4, 2023
  - Final revisions targeted by end of 2023
- Overall goals
  - Reduce agency and recipient burden
  - Provide guidance in plain language to simplify the guidance text
  - Update the guidance to reflect recent OMB priorities related to federal financial assistance
  - Improve federal financial assistance management, transparency, and oversight through more accessible and readily comprehensible guidance

# Proposed Revisions to *Guidance on Grants and Agreements*

- Some key proposed changes:
  - Raises the single audit threshold from \$750,000 to \$1 million
  - Raises equipment threshold from \$5,000 to \$10,000
  - Raises the de minimus indirect cost rate from 10% to 15%
  - Removes the requirement that indirect cost rates be available on a governmental website
  - Uses the term recipient and subrecipient (instead of non-federal entity) except in areas where a specific provision applies to an entity that is not a federal entity (e.g., subpart F implementing the Single Audit Act)



# Proposed Revisions to *Guidance on Grants and Agreements*

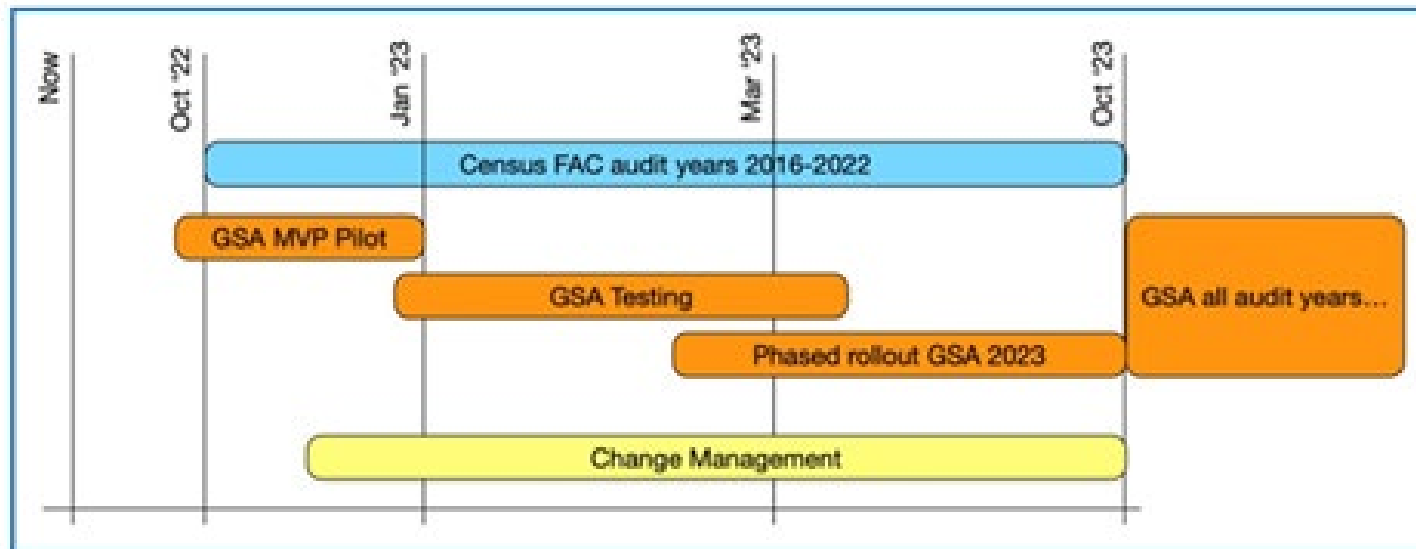
- Some key proposed changes (cont.):
  - Modifies and expands many definitions such as period of performance and questioned costs
  - Modifies the definition of “Modified Total Direct Costs” to exclude subaward costs above \$50,000
  - Revises areas of the cost principals including clarification of pension costs
  - Revises the template text for a Notice of Funding Opportunity (NOFO) to reduce application burden

# Proposed Revisions to *Guidance on Grants and Agreements*

- OMB is also seeking comment on areas that could be modified in the future revisions including:
  - Audit requirements for for-profit entities
  - Additional guidance on loans and loan guarantees
  - Automatic adjustments for certain thresholds
  - Amendments to indirect costs
  - Expanding audit guidance to address “proper perspective”

# Transition of Federal Audit Clearinghouse

- Transitioning from U.S. Census to GSA for FY '23 reports
- Timing
  - Originally scheduled for October 1, 2022; DELAYED one year
  - Target go live is September 15, 2023
- FY '22 reports will be submitted to existing FAC



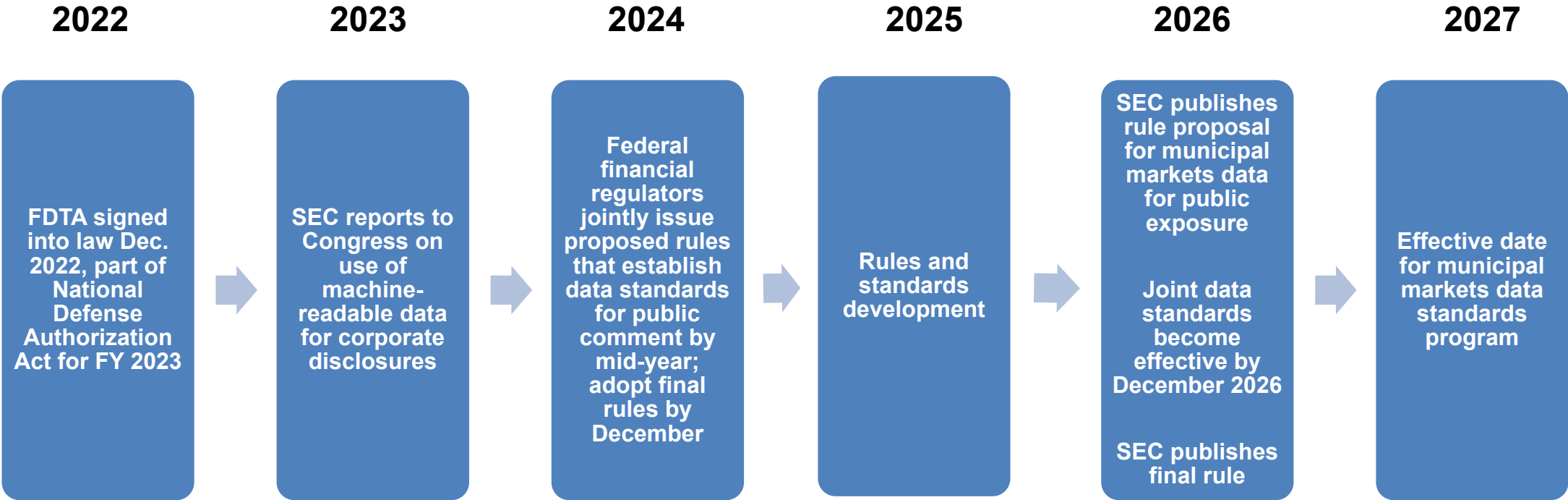
# Transparency Issues

FDTA and GREAT Acts

# Financial Data Transparency Act (FDTA) – NEW!

- FTDA
  - [H.R. 7776](#)
    - Included as Title 58 of the FY 2023 National Defense Authorization Act
    - [Public Law 117-263](#)
  - Signed into law on December 23, 2022
- Effective dates
  - U.S. Treasury (and the other financial regulatory agencies) have:
    - 18 months from enactment to publish for comment rules to establish data standards and
    - 24 months from the date of enactment to publish the required data standards through a joint rule
  - Covered agencies then have two years to implement the data standards into their respective regulatory compliance reporting, giving them a total of four years

# FDTA Timeline



Source: XBRL US

# Financial Data Transparency Act (FDTA)

- What is the FDTA?
  - Requires financial regulatory agencies (including MSRB for government issuers) to adopt and implement uniform and non-proprietary data standards to collect and disseminate information
  - Makes the data machine readable
  - Data standards are to include common legal identifiers for financial products, instruments, and transactions

# Financial Data Transparency Act (FDTA)

- Pros and Cons

- Pros:

- Increase accessibility, transparency and research efficiency
      - Government financials are typically filed in PDF format making research a challenge

- Cons:

- Cost of compliance (software and learning curve)
    - Impact on small government workload
    - Who will maintain the taxonomy (e.g., GASB)
      - Will multiple taxonomies be necessary (depending on the type of issuer)
      - What about issuers that don't follow GASB?



# Financial Data Transparency Act (FDTA)

- What we know and what we don't know

## Know

- Governments that have outstanding municipal securities will need to comply with the FDTA
- There is no change in what governments are required to disclose. Governments will not be required to submit data in a standard template.
- There *will* be a change in how data reported to the Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Markets Authority (EMMA) is formatted

## Don't know

- What data standard will be adopted
- What legal entity identifier will be adopted
- What disclosure documents will need to be prepared using data standards
- Who will build (own) the taxonomy
- What it will cost
- How the roll out will happen

Source: XBRL US

# GREAT Act

- *Grant Reporting Efficiency and Agreements Transparency Act of 2019*
  - [H.R. 150](#)
  - Signed by President on December 30, 2019
- Effective Date
  - Various

# GREAT Act

- Requirements:
  - a. Establish government-wide data standards for information related to federal awards reported by **recipients** of federal awards (within 2 years)
  - b. Issue guidance to grant-making agencies on how to utilize new technologies and implement new data standards into existing reporting practices with minimum disruption (within 3 years)
  - c. Use data standards for all future information collection requests by federal awarding agencies (within 1 year after guidance in item b)
  - d. Amends the Single Audit Act to provide for **grantee audits** to be reported in an electronic format consistent with the data standards (guidance to be issued within 3 years)
  - e. Enable the collection, public display and maintenance of Federal award information as a government-wide data set (within 5 years)

# GREAT Act

- How the GREAT Act Changes Single Audit Requirements
  - [United States Code, Title 31, Section 7502](#)
    - (h) The non-Federal entity shall transmit the reporting package in an **electronic form** in accordance with the data standards established under chapter 64 and, which shall include the non-Federal entity's **financial statements**, schedule of expenditures of Federal awards, corrective action plan defined under subsection (i), and auditor's reports developed pursuant to this section, to a Federal clearinghouse designated by the Director, and make it available for public inspection ...

# GREAT Act – Where is it?

- Past implementation date
- Coordination with FDTA?



# *Government Auditing Standards*

# Upcoming Yellow Book Revision

- Timeline
  - Exposure draft issued January 30, 2023
    - Comment period closed April 28, 2023
  - Final revision expected in Spring 2024
- Focus on revising Quality Control Standards with Quality Management Concepts
  - AICPA recently issues SQMS 1 and 2; SAS 146
- Application guidance on reporting key audit matters

# Two New Components

## Extant GAGAS

- Leadership Responsibilities
- Independence, Legal, and Ethical Requirements
- Initiation, Acceptance, and Continuance of Engagements
- Engagement Performance
- Human Resources
- Monitoring of Quality

## Proposed GAGAS

- Governance and Leadership
- Independence, Legal, and Ethical Requirements
- Acceptance, Initiation, and Continuance of Engagements
- Engagement Performance
- Resources
- Monitoring and Remediation Process
- **Information and Communication (new)**
- **Quality Management Risk Assessment Process (new)**



# Government Auditing Standards

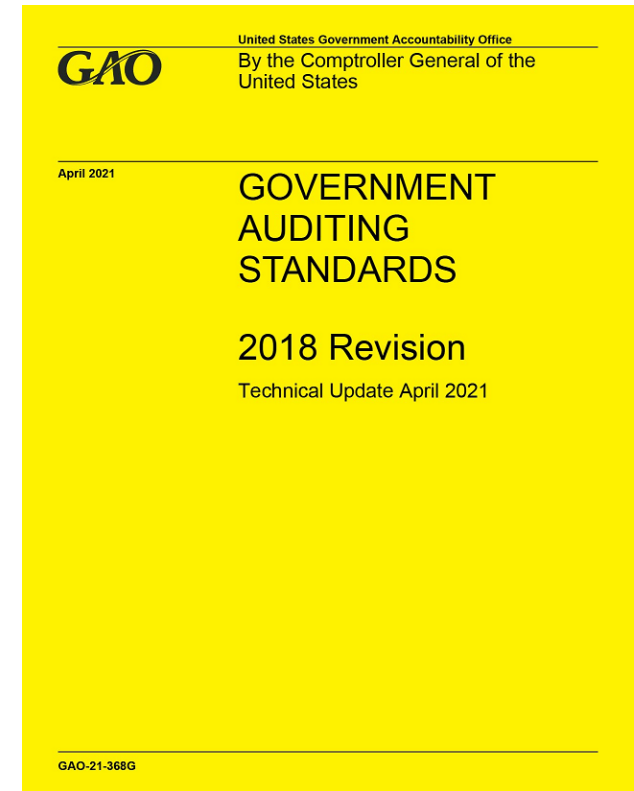
- Quality Management and Yellow Book
  1. New **risk-based approach** focused on **quality management**
  2. Revised components of the system of quality management
  3. New risk assessment process
  4. More robust leadership and governance requirements
  5. Enhanced monitoring and remediation process
  6. New requirements for networks and service providers

# Government Auditing Standards

- Consideration for Application Guidance on “Key Audit Matters”
  - Use is currently optional
  - Guidance would focus on “Key Audit Matters” in the government environment
  - Includes application guidance for auditor reporting
    - No requirement to communicate key audit matters, but auditors may be required if:
      - Engaged by management or those charged with governance to do so, or
      - Required by law or regulation

# Where to Find the Yellow Book and Alerts

- The Yellow Book and Audit Alerts are available on GAO's website at:
  - [www.gao.gov/yellowbook](http://www.gao.gov/yellowbook)
  - Now available in [digital format](#)
- For technical assistance, contact [yellowbook@gao.gov](mailto:yellowbook@gao.gov) or (202) 512-9535



# ***Standards for Internal Control in the Federal Government***

# Upcoming Green Book Revision

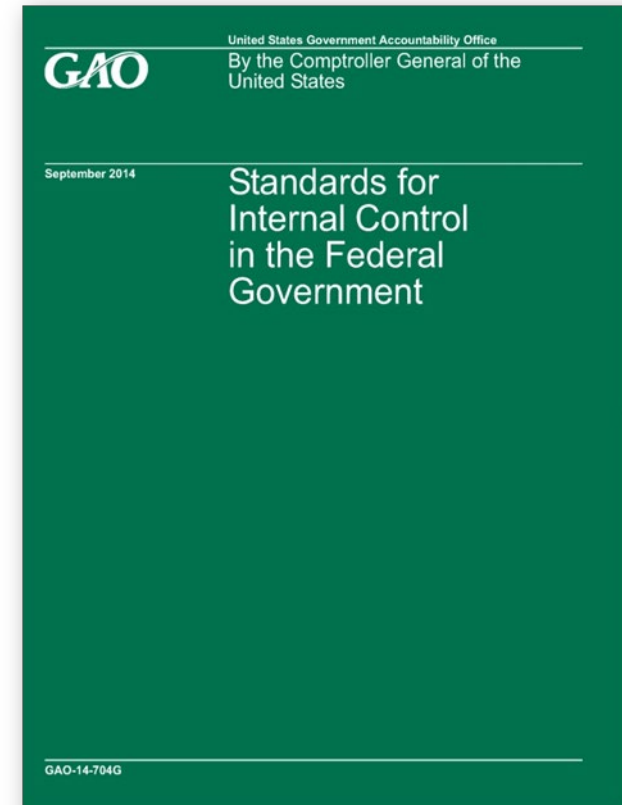
- Timing
  - Exposure Draft expected in late 2023
  - Final version expected in 2024
  - Last revision was in 2014
- Overall focus on specific governmental internal control risks
- Likely to be an expansion or elaboration of the existing Green Book

# Green Book Revision

- Expected Areas of Focus:
  - Preventative Controls
    - Actions to reduce the risk of fraud
  - Fraud Control Enhancement
  - Emergency Spending Controls
  - IT Security Controls
    - Continued high risks associated with these areas

# Where to Find the Green Book

- The Green Book is available on GAO's website at:
  - [www.gao.gov/greenbook](http://www.gao.gov/greenbook)
  - [GAO-14-704G](#)
- For technical assistance, contact [GreenBook@gao.gov](mailto:GreenBook@gao.gov) or (202) 512-9535



# GASB Current Issues



# GASB Statements – Effective Dates

## June 30: Fiscal Year 2023

- Statement 91 – conduit debt
- Statement 94 – public-private partnerships
- Statement 96 – SBITAs
- Statement 99 – omnibus 2022 (leases, PPPs, and SBITAs)
- IG 2020-1 – update (4.6–4.17 and 4.19–4.21)
- IG 2021-1 – update (4.1–4.21, 4.23, 5.2, and 5.4)

## June 30: Fiscal Year 2024

- Statement 99 – omnibus 2022 (financial guarantees and classification of derivatives)
- Statement 100 – accounting changes and error corrections
- IG 2021-1 – update (5.1)

## June 30: Fiscal Year 2025

- Statement 101 – compensated absences

# New GASB Statement Impact

## Potential Level of Effort for Preparer and Auditor\*

Statement and FY Effective		Potential Level of Effort*						
		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GASB 87 – Leases	2022	LARGE EFFORT						
GASB 89 – Construction-period Interest	2022	Minimal						
GASB 91 – Conduit Debt	2023	Small						
GASB 92 – Omnibus (multiple effective dates)	Various	Small						
GASB 93 – LIBOR Removal and Lease Modifications	2022	Small						
GASB 94 – Public-Private Partnerships	2023	MEDIUM						
GASB 96 – SBITA	2023	LARGE EFFORT						
GASB 97 – Certain Component Unit Criteria/Section 457 plans	2022	Small						
GASB 98 – The Annual Comprehensive Financial Report	2022	Minimal						
GASB 99 – Omnibus (multiple effective dates)	Various	Small						
GASB 100 – Accounting Changes and Error Corrections	2024	Small						
GASB 101 – Compensated Absences	2025	MEDIUM						

\*Based on June 30 fiscal years



# GASB GARS System

- FAF launched its **free**, enhanced online access to Governmental Accounting Research System™ ([GARS](#)) in March 2023
  - Reflects significant decrease in demand for print products
- Distributions under the GASB Subscription (subscription to printed GASB Statements and Implementation Guides) will continue through June 2023 for active subscribers and then terminate thereafter

# Financial Reporting Model – Major Development

- Major decision reached at July Board meeting
  - Board decided that none of the alternatives presented – near term, short term or long term – were an improvement to the current model
    - Decided to split the governmental funds **out** of this project
- Other aspects of the FRM will continue (e.g., MD&A, budgetary information, etc.)

# Other Emerging Issues

# Where Have All the Accountants Gone/Going?

- Undergraduate enrollment down 8% from 2019 to 2022 (steepest decline on record)
- Bachelor degrees in accounting down 9% in 2020 from 2012
- 300,000 accountants/auditors (17%) have quit in past two years
- Fewer students are also sitting for the CPA exam
  - Unique CPA exam candidates in 2021 lowest since 2007
- Problem is particularly acute in the public sector
  - S&P gave 149 local governments warning to produce timely F/S
  - Demand is simply outpacing supply
  - Nearly a third of incumbent state and local public finance workers will be retirement age within 10 years

**These continue to be  
interesting times...**

# Questions or Comments

R. Kinney Poynter, CPA

NASACT

[kpoynter@nasact.org](mailto:kpoynter@nasact.org)

(859) 276-1147