

Accounting Dilemmas? Where Do You Find the Answers to Your Questions

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What We Will Cover

- Background
- New GAAP Hierarchy
- FS Impact on Research
- Case Studies
- Research GASB Statement in Advance
- Resources:
 - GFOA
 - GASB
 - FASB
 - OMB
 - GAO



What We Will Cover

- Resources:
 - Florida Auditor General
 - AICPA
 - Federal Agencies
- Critical Thinking Impact on Finding Answers
- Getting Your Questions Answered
- Conclusion



Background

Factors contributing to employee turnover in state and local governments:

- 10,000 baby boomers retiring a day
- More positions available in private industry with improved economy
- Millennials not as interested in staying at one place long term for retirement



Background

- The challenge is to provide training and mentoring to current employees so they can replace those leaving.
- Critical thinking skills are being taught at some colleges to counter today's culture to just rely on internet searches for answers to difficult questions.
- Objective of this presentation – use the materials to improve accounting research and train others.



Background

- Accounting & Auditing questions occur throughout the year with financial reporting and audits
- Having a process for identifying questions and obtaining an answer is a best practice.
- We benefit from understanding the resources available to help you get your questions answered



New GAAP Hierarchy

- GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Effective periods beginning after 6/15/15. Supercedes No. 55
- Category A (authoritative) – GASB statements of governmental accounting standards
- Category B (authoritative) – GASB technical bulletins and implementation guides, as well as guidance from the AICPA that is cleared by GASB
- Effective for reporting periods beginning after June 15, 2015



New GAAP Hierarchy

- **Nonauthoritative – GASBS 76**
- GASB Concept Statements
- FASB or IASB Pronouncements
- International Public Sector Accounting Standards Board
- AICPA literature not cleared by the GASB
- Industry practice
- Other regulatory literature (including GFOA GAAFR Blue Book) or textbooks



Anticipate Financial Statement Impact in Accounting Research

- When researching a governmental accounting issue, do not just determine for the transaction what general ledger account to set up, but where will it be reported on either the balance sheet or income statement.
- Restricted or non-restricted
- Current versus long term
- Operating versus non-operating
- Governmental fund versus proprietary or other fund
- Repairs and maintenance expenses that may need to be capitalized



Internal Controls, Policies & Procedures

- Internal controls should include setting up policies and procedures that are in agreement with the government accounting standards. Government accountants should read the GASB pronouncement, GFOA GAAFR (Blue Book), and other technical literature, and if the answer to the accounting question is not clearly evident, respond to the outside auditors “don’t know the answer” and request some of their assistance. A weak internal control is not performing any accounting research and just relying on the opinion of outside parties.



Case Study Number 1 – Availability Criteria for Recording Government Grant Revenue

- **Question:** how does the availability criteria apply to the recognition of grant revenues?
- **Auditor position:**
 - 1) Based on Q #Z.33.18 in the 2015 Comprehensive Implementation Guide, we feel the availability criteria must be applied to grant revenue recognition.



Case Study Number 1 – Availability Criteria for Recording Government Grant Revenue

Auditor position:

- 2) Based on GASB 1600.106 and GAAFR page 124, availability must be defined using a length of time.
- Client response explained that they thought the term “accrued simultaneously with the grant expenditures” could satisfy that “length of time” requirement.



Case Study Number 1 – Availability Criteria for Recording Government Grant Revenue

- Auditor did not necessarily agree with client's interpretation, but consented to the treatment in the 2015 CAFR because it was adequately disclosed.
- GAAFR Blue Book, starting on page 124, states: "The selection of an availability period is essentially a matter of professional judgment."



Case Study Number 1 – Availability Criteria for Recording Government Grant Revenue

- GAAP sets a 60-day maximum availability period in the specific case of property taxes. It generally is considered desirable to use a single availability period for all of a government’s revenue sources. All the same, a significant number of governments use a different availability period (often 90 days) for one or more specified revenue sources (for example, intergovernmental revenues). The use of an availability period of less than 60 days is relatively uncommon.”



Case Study Number 1 – Availability Criteria for Recording Government Grant Revenue

- **GASB response to auditor inquiry in October 2016:** . Availability must enter into the consideration (for grant revenue recognition). The policy that the client wants to adopt "accruing grant revenue simultaneously with grant expenditures" ignores availability, which is not in accordance with GAAP. We agree on that, and you picked out the right references."



Case Study Number 1 – Availability Criteria for Recording Government Grant Revenue

- Outcome: the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. The government considers intergovernmental grant revenues to be available if they are collected within 180 days of the end of the current fiscal period.



Case Study Number 2 – Compensated Absences with FICA and Retirement Contribution

- Question – can FICA and retirement contribution be included in Compensated Absences?
- Research - GASB 16 says that you should accrue salary related amounts if they will be required to be paid when the related salaries are paid. When vacation is taken, those wages will be processed like any other wages and will require corresponding payments of FICA and FRS.



Case Study Number 2 – Compensated Absences with FICA and Retirement Contribution

- Sick time however is generally not accrued because it requires some future event (a sickness) before it is an obligation. The exception is when the government has a policy to reimburse for accrued sick leave at termination. In that event, the estimated amount (salary) earned and eventually payable should be estimated and accrued.



Case Study Number 2 – Compensated Absences with FICA and Retirement Contribution

- The decision of which salary-related items should also be accrued would depend then on whether they would be payable when that termination payment is made.
- Auditor - when a final severance payment is made to employees for accrued sick, FICA is required but FRS is not. Contribution to single employer pension plans would not be included for vacation or sick leave accrued.



Case Study Number 3 – Reporting Deferred Charges on Statement of Net Position

- Question – can you report on one line of the Statement of Net Position more than one type of deferred charge?
- Research - GASB Statement No. 63, paragraph 13 states: *Balances of deferred outflows of resources and deferred inflows of resources reported in a statement of net position or a governmental fund balance sheet may be aggregations of different types of deferred amounts.*



Case Study Number 3 – Reporting Deferred Charges on Statement of Net Position

Research - GASB Statement No. 63, paragraph 13 states: *Governments should provide details of the different types of deferred amounts in the notes to the financial statements if significant components of the total deferred amounts are obscured by aggregation. Disclosure in the notes to the financial statements is required only if the information is not displayed on the face of the financial statements.*



Case Study Number 4 – When should a Capital Asset be considered impaired?

CAFR disclosed in Year 1 that a major water and sewer project was substantially completed, but there were significant problems encountered with it operating properly. Further investigation is needed to be undertaken on how best to complete the project.

CAFR disclosed in Year 2 that the costs incurred to date was considered to be abandoned, and not impaired because the construction project was not completed and needed to be written off?



Case Study Number 4 – When should a Capital Asset be considered impaired?

What caused the change to disclose as a contingency in Year 1 to reporting as an abandonment loss in Year 2?

Definition of Impairment per GASB No. 42 and GASB Codification

.180 Asset impairment is *a significant, unexpected decline in the service utility of a capital asset.*

Governments generally hold capital assets because of the services the capital assets provide;



Case Study Number 4 – When should a Capital Asset be considered impaired?

Consequently, capital asset impairments affect the service utility of the assets. The events or changes in circumstances that lead to impairments are not considered normal and ordinary. That is, at the time the capital asset was acquired, the event or change in circumstance would not have been expected to occur

during the useful life of the capital asset. [**GASBS 42, ¶15**]



Case Study Number 4 – When should a Capital Asset be considered impaired?

- **Assessment of Impairment** - is a two step process of (a) identifying potential impairments and (b) testing for impairment.
-
- **Common indicators** that a capital asset is impaired are:
 - Evidence of physical damage
 - Changes in legal or environmental factors
 - Technological change or obsolescence
 - Changes in manner or duration of use
 - Permanent construction stoppage



Case Study Number 4 – When should a Capital Asset be considered impaired?

- **Capital asset impairment policy** – departments should assess their capital assets at least annually to determine if they have any impaired capital assets with material carrying values using a checklist that has several steps for:
 - Part 1 – Testing for Impairment
 - Part 2 – Measuring the Impairment Loss



Case Study Number 4 – When should a Capital Asset be considered impaired

Outcome - Completion of the checklist and further inquiries and documentation resulted in the impairment being temporary in Year 1 to being permanent in Year 2. Further engineering study was required to make this determination. The initial design and construction was abandoned and proceeded down a new path for redesign.



Case Study Number 4 – What is the difference between Unearned Revenue, Advances and Deferred Inflows?

Review the following resources:

- **GASB Codification – 34 references**
- **GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position**
- **GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities**
- **Governmental Accounting, Auditing and Financial Reporting (GAAFR) Blue Book published by GFOA, written by Stephen Gauthier (copyright 2012)**



Case Study Number 4 – What is the difference between Unearned Revenue, Advances and Deferred Inflows?

EXAMPLES

- **Unearned Revenues** is revenue received in advance of earning it. Example: DMV tag sales for 2 years paid for upfront, 2nd year would be unearned.
- **Advances** – Example: grants received prior to the year that they are able to be spent (in advance).



Case Study Number 4 – What is the difference between Unearned Revenue, Advances and Deferred Inflows?

- **Advances** – Example: grants received prior to the year that they are able to be spent (in advance).
- **Deferred Inflows** – Examples:

Grants earned in advance of meeting timing requirements (availability criteria).

Expenditures incurred during the fiscal year, but have not received the reimbursement before the 60 days after FYE. Journal entry should be DEBIT Accounts Receivable, CREDIT Deferred Inflows



- **Deferred Inflows** – Examples:

Proceeds from sales of future revenues.

Example: Sales Tax/Gas Tax in September, not received within the 60 days after FYE. DEBIT Accounts Receivable, CREDIT Deferred Inflows.



Accounting Research Before the GASB Statement is Effective

Example: Accounting for Other Post-Employment Benefits (OPEB) is going through major changes. You cannot wait until the following standards become effective.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for fiscal years beginning June 15, 2016.



Accounting Research Before the GASB Statement is Effective

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal years beginning after June 15, 2017.

Major changes similar to GASB 67 and 68. Will now be required to record a net OPEB liability on the statement of net position.



Accounting Research Before the GASB Statement is Effective

Compare existing standards to Statement No. 75 for:

- Recording the liability
- Measurement of liability
- Discount rates
- Measurement of assets
- Periodic OPEB expense
- Deferred inflows and outflows



Accounting Research Before the GASB Statement is Effective

OPEB required disclosures have been significantly expanded under Statement No. 75. Required supplementary information (RSI) are extensive and specific.

Smooth Transition – in 2017, GASB plans to issue guidance to address specific implementation issues. In the meantime, gaining an early understanding of the new requirements will lead to a smooth transition to the new rules.



Government Finance Officers Association (GFOA)

- Website – www.GFOA.org
 - Products & Services tab – categories of Resources, Consulting & Training
 - ❑ Under Resources, click on Best Practices – identifies specific policies and procedures as contributing to improved government management. There are 166 documents.
 - ❑ Under Resources, click on Publications. There are 72 publications listed in chronological order of being published. There are accounting, debt, finance, budgeting, pension, IT, treasury guides.



GFOA (continued)

- Governmental Accounting, Auditing and Financial Reporting (GAAFR) “Blue Book” published in 2012, (1,121 pages) with Supplement published in 2014 available in either hard cover or e-book must be available in your library or on your computer. Authoritative guidance through GASBS 66.

➤ **Part 1 – Background and Framework**

- Section A: Basic Background – overview, governmental environment & its impact and sources of governmental GAAP
- Section B: The Governmental Financial Reporting Model – funds, fund types and interfund activity; Government-wide financial reporting; primary government & its component units.



GFOA (continued)

➤ **Part 1 – Background and Framework (continued)**

- ❑ Section C: Basic Recognition Principles – measurement focus and basis of accounting; categories of transactions & events and how they are recognized.

➤ **Part 2 – Fund Accounting and the Basic Financial Statements**

- ❑ Section A: Governmental Funds – revenue and expenditure recognition, other financing sources and uses, asset and liability recognition, governmental financial statements
- ❑ Section B: Proprietary Funds – enterprise funds, internal service funds, proprietary fund financial statements



GFOA (continued)

➤ Part 2 – Fund Accounting and the Basic Financial Statements (continued)

Section C: Fiduciary Funds – fiduciary fund accounting and financial statements

Section D: Government-wide Financial Statements – converting and consolidating fund data, government-wide financial statements

Section E: Disclosure – summary of significant accounting policies, detailed note disclosures



GFOA (continued)

- **Part 3: Specialized Accounting Applications** – pensions, OPEB, termination benefits, budgetary integration, capital assets, debt, derivatives, landfill & pollution remediation, risk financing & insurance
- **Part 4: Reporting beyond the Basic Financial Statements**
 - ❑ Section A: Required Supplementary Information (RSI) – management’s discussion & analysis (MD&A); other RSI – budgetary reporting, OPEB, etc.
 - ❑ Section B: Comprehensive Annual Financial Report (CAFR) – structure & contents of the CAFR; supplementary budgetary reporting; statistical section



GFOA (continued)

➤ **Part 4: Reporting beyond the Basic Financial Statements (continued)**

- Section C: Specialized Entities – postemployment benefit plans; public-entity risk pools; school districts; states, investments pools, and special purpose governments
- Section D: Other Reporting – popular reporting; performance reporting

➤ **Section 5: Internal Control, Auditing and Analysis**

- Section A: Internal Control – comprehensive framework of internal control; performance reporting
- Section B: Auditing and Analysis – financial statement audit, single audit, internal auditing, performance auditing, financial statement analysis



GAAFR Supplement

- New material to address:
 - Supplement to Chapter 22 – Detailed Note Disclosures
 - New version of Chapter 23 – Pension Benefits, OPEB & Termination Benefits (GASBS 68)
 - Supplement to Chapter 30- Other Specialized Applications (GASBS 69 & 70)
 - Supplement to Chapter 32 – Other Required Supplementary Information (RSI) (GASBS 68)
 - New version of Chapter 36 – Postemployment Benefit Plans (GASBS 67)
 - New version of Chapter 42 – Comprehensive Framework of Internal Control (new and expanded COSO framework)



Governmental Accounting Standards Board (GASB)

- Website: www.gasb.org
 - Click on Standards & Guidance tab at top
 - ☐ Pronouncements available for download
 - ❖ Statements of Governmental Accounting Standards – 82 statements
 - ❖ Concepts Statements – 6
 - ❖ GASB Interpretations – 6
 - ❖ GASB Technical Bulletins



GASB (continued)

- ❑ Implementation Guides – Recommend downloading guides for GASB Statements 67 & 68 on pensions
- ❑ Educational Webcasts – recent in 2015 on GASB proposal on Leases (click Refer. Library).
- ❑ Video & Podcasts – recent in 2016 on leases, 9 in 2015 including new OPEB statements and Fair Value Measurement and Application (click Reference Library).



Financial Accounting Standards Board (FASB)

- Website: www.fasb.org
 - Click on Standards tab at top
 - ❑ FASB Codification: on July 1, 2009, it became the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles (GAAP). Annual subscription of \$850 with discounts for multiple users.
 - Click on Reference Library a top – includes exposure drafts, public comments



Office of Management and Budget (OMB)

- Uniform Grant Guidance
- Website: http://www.ecfr.gov/cgi-bin/text-idix?SID=f5459049733bfb47041d318a2e64486b&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- Compliance Supplement
- Website: https://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2015



Guidance:

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule

2 CFR Chapter I, Chapter II, Part 200 et al

Objectives:

- Ease administrative burden
- Reduce risk of waste, fraud and abuse



Consolidated Guidance



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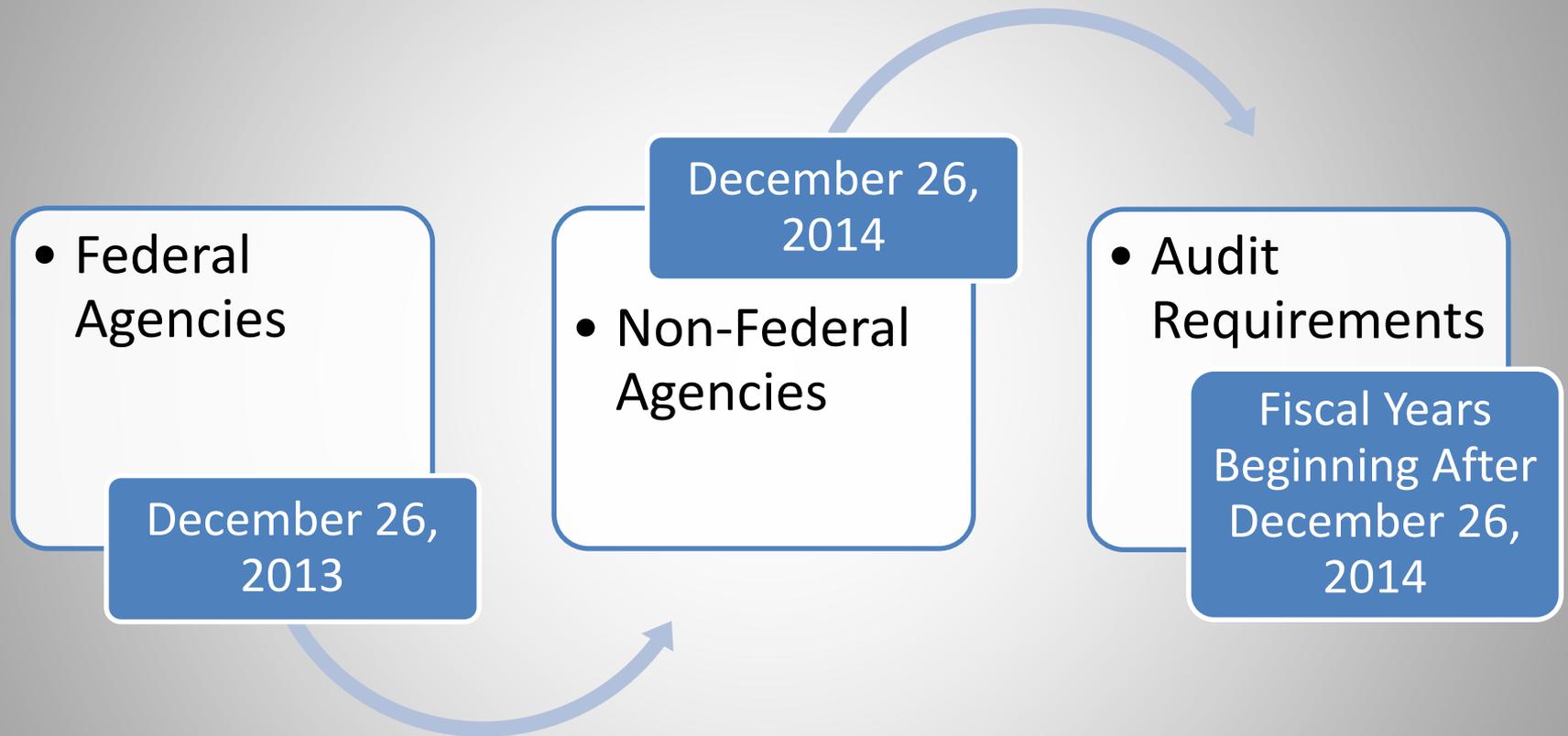
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Organization of Uniform Guidance

Subpart A	Subparts B, C and D	Subpart E	Subpart F
<ul style="list-style-type: none">• Acronyms and Definitions	<ul style="list-style-type: none">• Administrative Requirements	<ul style="list-style-type: none">• Cost Principles	<ul style="list-style-type: none">• Audit Requirements



When is it Effective?



Effective Dates

- Administrative requirements and cost principles only apply to new awards and additional funding to existing awards made after December 26, 2014
- Existing Federal awards remain governed by the terms and conditions of the Federal award and current guidance



U.S. Governmental Accountability Office (GAO)

- Website: <http://www.gao.gov/yellowbook>

- Government Auditing Standards (Yellow Book)

- December 2011 Revisions

Effective for financial audits and attestation engagements for periods ending on or after December 15, 2012.

- July 2007 Revisions

- Guidance on GAGAS Requirements for CPE

<http://www.gao.gov/govaud/ybcpe2005.pdf>



GAO (continued)

- Green Book: Standards for Internal Control in the Federal Government
 - Released September 10, 2014
 - Entity uses the Green Book to help achieve its objectives related to operations, reporting and compliance
 - Standards in the Green Book are organized by the five components of internal control
 - ❑ Control Environment – 5 principles
 - ❑ Risk Assessment – 4 principles
 - ❑ Control Activities – 3 principles
 - ❑ Information and Communication – 3 principles
 - ❑ Monitoring – 2 principles



Florida Government Finance Officers Association (FGFOA)

- Website: www.fgfoa.org
 - Click on GASB updates for FGFOA Response Letters to GASB Exposure Drafts
 - Click on Training Opportunities for FGFOA Conferences & Schools
 - Click in Quick Links section for Basic Government Resource Manual with twenty sections
 - Click in Quick Links section the Sample Documents to join Listserve
 - Click in Quick Links section the Presentations from FGFOA Annual Conference and School of Governmental Finance



Florida Auditor General

- Website: www.myflorida.com/audgen
- Local Government/Nonprofit link
 - Rules and Guidelines
 - ❖ Local Government
 1. Rules of the Auditor General, Chapter 10.550 – Audits of Local Government Entities (19 pages)
 2. Compliance Supplement for Local Government Entity Audits – investments, clerks of court standards, deepwater oil spill, E911 System Fund, Alimony and Child Support Payments
 3. Florida Single Audit Act Question and Answers
 4. Financial Emergency Guidelines



American Institute of Certified Public Accountants (AICPA)

- External Knowledge Sources

- Q&A Hotlines

- AICPA A&A Hotline

- ☐ 877.242.7212 or

- <http://apps.aicpa.org/TechnicalHotline/form.asp>

- ☐ Before you contact the AICPA consider the following:

- » Discuss with others and formulate question and possible answers

- » Review appropriate authoritative literature



Governmental Audit Quality Center

- Membership
 - Firms/State Audit Organizations
 - Requirements
- Benefits
 - Alerts
 - Web Events
 - Tools and Aids
 - Web Site (www.aicpa.org/GAQC)
- Help
 - gaqc@aicpa.org



AICPA (continued)

- Authoritative Publications

- AICPA Publications

- State and Local Governments AICPA Audit & Accounting Guide – updated as of March 1, 2016 up to GASB Statement No. 79

- Not-Profit Entities Audit & Accounting Guide – updated as of March 1, 2016

- Risk Alerts

- Professional Periodicals

- Electronic Libraries are a great tool that includes all of these publications and more



Federal Agencies

- Federal Agencies

- Audit Guides

- HUD Consolidated Audit Guide

- Ed Student Financial Aid Guide

- Web Sites

- Federal Audit Clearing House –

- <https://harvester.census.gov/facweb/default.aspx>

/

- CFDA.gov

- Grants.gov

- USAspending.gov



Accounting & Auditing Standard Setters

- Standard Setters

- When should I call a standard setter?

- After extensive research

- If you need an interpretation

- You are applying a standard in an unusual or unexpected manner

- You are looking for authoritative reference

- You have or are aware of conflicting guidance

- You just need help with an A&A issue



Getting your questions answered!

1. Ensure you understand the question
 - a. Consider acronyms, different scenarios, etc.
 - b. What are the potential answers/conclusions?
 - c. What are the risks associated with an incorrect conclusion? (consider materiality)
 - d. Who are the users of the information/outcome?



Getting your questions answered! (cont.)

2. Review authoritative publications when available.

a. Standards

b. Guides

c. Regulatory authority

d. Other



Getting your questions answered! (cont.)

3. Review non-authoritative publications/information

4. Document the question and potential answers with citations

5. Discuss with internal knowledge sources

- Review policies

- Chain of command



Getting your questions answered! (cont.)

6. Access external sources of knowledge

- AICPA, GAO, IGs
- FASB, OMB
- Others

7. Consult with leadership and document final results and conclusions. Obtain supervisory review and approval.



Critical Thinking Mindset Self-Rating (past 5 days)

1. I organized for myself a thoughtfully systematic approach to a question or issue.
2. I jumped in and tried to solve a problem without first thinking about how to approach it.
3. Instead of working through a question for myself, I took the easy way out and asked someone else for the answer.
4. I approached a challenging problem with confidence that I could think it through
5. I researched a governmental accounting question by just “googling” for the answer, but did not read any authoritative literature.



Core Critical Thinking Skills

Cognitive Skills:

- 1) **Interpretation** - to comprehend and express the meaning or significance of a wide variety of experiences, situations, data, events, judgments, conventions, beliefs, rules, procedures or criteria.
 - **Subskill** – categorize, decode significance, clarify meaning

- 2) **Analysis** - to identify the intended and actual relationships among statements, questions, concepts, descriptions, or other forms of representation intended to express belief, judgment, experiences, reasons, information or opinions.
 - **Subskill** – examine ideas, identify arguments, identify reasons and claims



Core Critical Thinking Skills (continued)

3) Inference – to identify and secure elements needed to draw reasonable conclusions; to consider relevant information from principles, opinions, concepts.

- **Subskill** – query evidence, conjecture alternatives, draw logically valid or justified conclusions

4) Evaluation – to assess the credibility of statements or other representations that are accounts or descriptions; to assess the logical strength of the actual or intended relationships among statements, descriptions, questions or other forms of representation.

- **Subskill** – assess credibility of claims; assess quality of arguments that were made using inductive or deductive reasoning.



Core Critical Thinking Skills (continued)

5) **Explanation** – to state and justify that reasoning in terms of the considerations upon which one’s results were based.

➤ **Subskill** – state results, justify procedures, present arguments

6) **Self-regulation** – self-consciously to monitor one’s cognitive activities and the elements used in those activities.

➤ **Subskill** – self monitor, self-correct.



I D E A S

A 5-step critical thinking general problem solving process

I = IDENTIFY the Problem and set Priorities (Step 1)

D = DETERMINE Relevant Information and Deepen Understanding (Step 2)

E = ENUMERATE Options and Anticipate Consequence (Step 3)

A = ASSESS the Situation and Make a Preliminary Decision (Step 4)

S = SCRUTINIZE the Process and Self-Correct as Needed (Step 5)



Ideal Critical Thinker

- 1) Habitually inquisitive
- 2) Well informed
- 3) Trustful of reason
- 4) Open-minded
- 5) Flexible
- 6) Fair-minded in evaluation
- 7) Honest in facing personal biases
- 8) Prudent in making judgments
- 9) Willing to reconsider
- 10) Clear about issues
- 11) Orderly in complex matters
- 12) Diligent in seeking relevant information
- 13) Reasonable in the selection of criteria
- 14) Focused in inquiry
- 15) Persistent in seeking results



GASB Steps for Pronouncements

- **Step 1:** Identification of potential topic
- **Step 2:** Topic added to technical agenda
- **Step 3:** Basic Research
- **Step 4:** Invitation to comment/discuss memorandum.



GASB Steps for Pronouncements (cont.)

- **Step 5:** Preliminary views
- **Step 6:** Exposure draft
- **Step 7:** Final pronouncement



Hierarchy Levels – GASBS 55 (replaced 6/15/15 by GASBS 76)

LEVEL	CONTENTS	
1	<ul style="list-style-type: none">•GASB statements and interpretations. Periodically incorporated in the Codification of Governmental Accounting and Financial Reporting Standards•FASB pronouncements specifically made applicable to state & local governmental entities by GASB	
2	<ul style="list-style-type: none">•GASB Technical Bulletins and cleared by AICPA Industry Audit Guides and Statements of Position specifically made applicable to state & local government entities by AICPA and approved by GASB	



Hierarchy Levels (cont.)

LEVEL	CONTENTS	
3	<ul style="list-style-type: none">• AICPA Accounting Standards Executive Committee (AcSEC) practice bulletins (none outstanding or anticipated)• GASB-sponsored consensus positions (none outstanding or anticipated)	
4	<ul style="list-style-type: none">• GASB implementation guides• Practices widely recognized and prevalent practice to state and local government entities	



Hierarchy Levels (cont.)

LEVEL	CONTENTS	ENFORCEMENT
Other accounting literature	<p>GASB concepts</p> <p>When not applicable to state and local governments:</p> <ul style="list-style-type: none">• FASB concepts statements• FASAB statements, interpretations, TBs, and concepts statements• AICPA issues papers• International public-sector accounting standards• International financial reporting standards• Pronouncements of other professional associations or regulatory agencies• Technical Information Service Inquire and Replies included in AICPA Technical Practice Aids• Accounting textbooks, handbooks, and articles	Not Applicable



History of Standard Setters

YEAR	PRIVATE SECTOR	STATE & LOCAL GOVERNMENTS
1934		National Committee on Municipal Accounting (NCMA)
1936		NMCA Bulletin No. 6, <i>Municipal Accounting Statements</i>
1939	Committee on Accounting Procedure	



History of Standard Setters (cont.)

YEAR	PRIVATE SECTOR	STATE & LOCAL GOVERNMENTS
1948		National Committee on Governmental Accounting (NCGA)*
1951		NCGA Bulletin No. 14, <i>Municipal Accounting and Auditing</i>
1959	Accounting Principles Board	
1968		<i>Governmental Accounting, Auditing, and Financial Reporting</i> (GAAFR or “Blue Book”)



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History of Standard Setters (cont.)

YEAR	PRIVATE SECTOR	STATE & LOCAL GOVERNMENTS
1973	Financial Accounting Standards	National Council on Governmental Accounting (NCGA)*
1984		Governmental Accounting Standards Board (GASB)

*Note that the National *Committee* on Governmental Accounting (1948) and the National *Council* on Governmental Accounting (1973) share a common acronym (NCGA).



Standard Setters

	BUSINESS AND NONPROFIT	STATE & LOCAL GOVERNMENTS	FEDERAL GOVERNMENTS
Authoritative standard- setting body	Financial Accounting Standards Board (FASB)	Governmental Accounting Standards Board (GASB)	Federal Accounting Standards Advisory Board (FASAB)



Standard Setters (cont.)

	BUSINESS AND NONPROFIT	STATE & LOCAL GOVERNMENTS	FEDERAL GOVERNMENT
Number of board members	5	7	9
Oversight	Financial Accounting Foundation (FAF)		Treasury OMB GAO



Final Questions



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