

Emerging Issues in Government Accounting & Auditing

Rutgers Governmental Accounting &
Auditing Update Conference

November 30, 2023



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 – Q3 4.9%; Q2 2.1%; Q1 2.2%; overall 2.2% (est.)

2022 – 2.1% overall; Q1 and Q2 were negative

2021 – 5.7% overall, largest growth since 1984

Unemployment:

October 2023 – 3.9%, holding steady near historic 50-year lows

Wages up 4.1% in October, down from 4.3% in September

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:

October 2023 – 150,000, cooling significantly from September's gains of 336,000

Recession:

September 2023 – forecast of 48% risk of recession in next 12 months (was 54% in July)

Recession fears are now falling; shallow, short-lived

Interest rates:

Fed Reserve increased rates by .25% in July (now a 22-year high) but have held rates steady since

Fed trying to address inflation which was 3.2% in October 2023

Polling Question

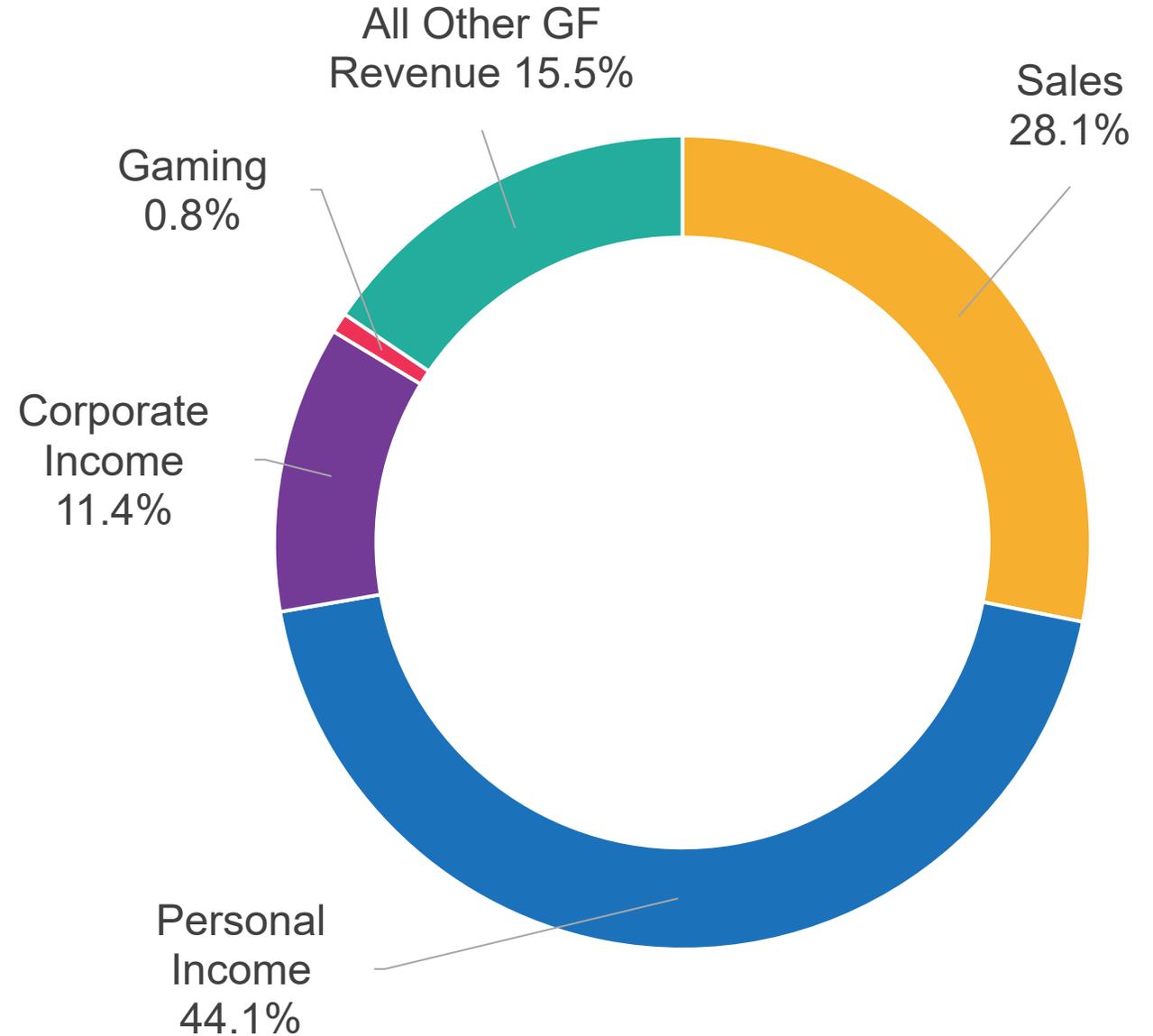


State General Fund Revenue Collections

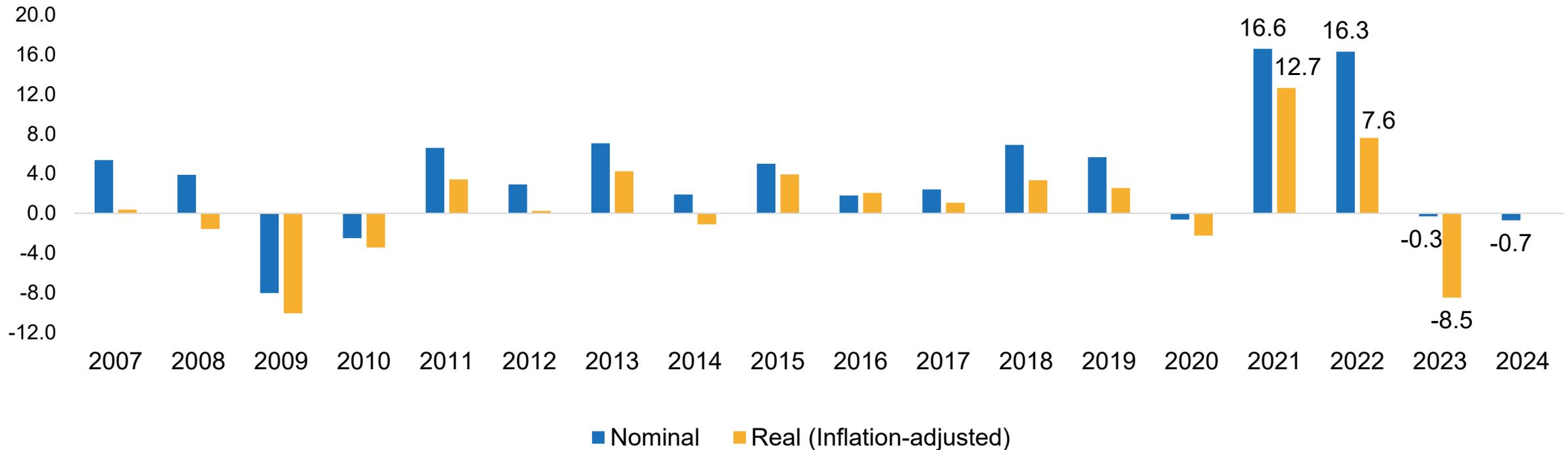


Revenue Sources in the General Fund (%)

Fiscal 2022
\$1,184 Billion



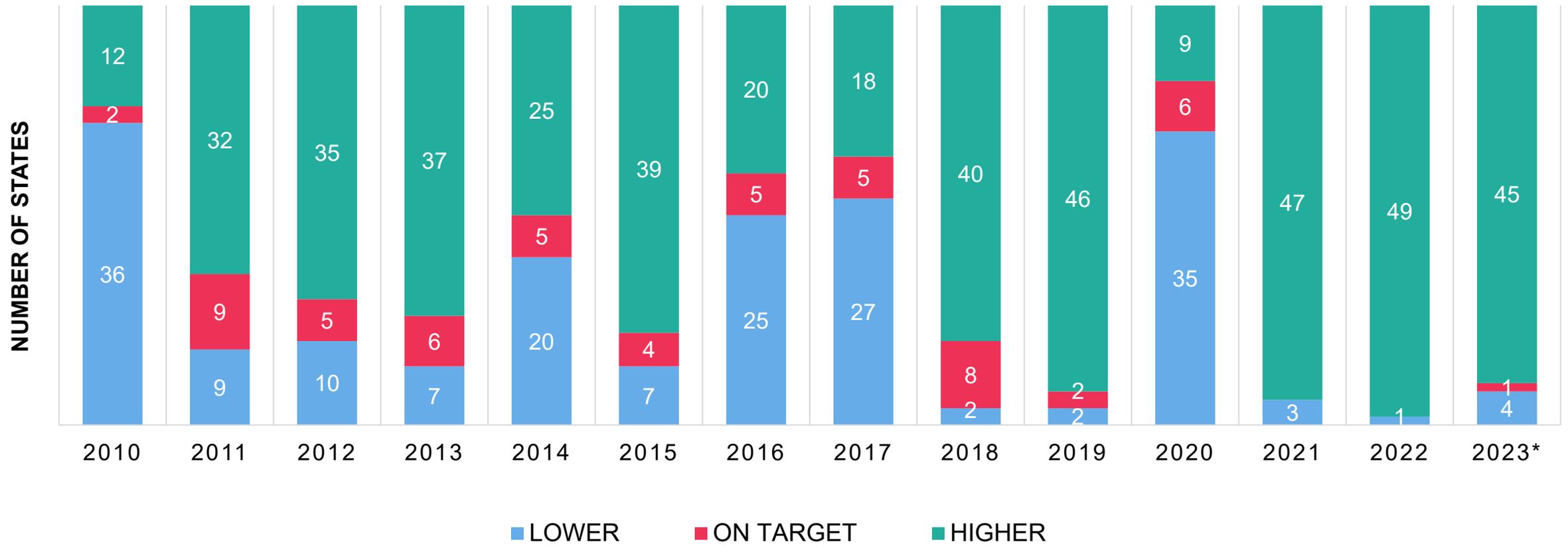
Annual General Fund Revenue Percentage Changes Fiscal 2007 to Fiscal 2024



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

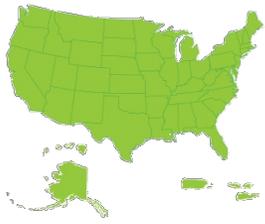
General Fund Revenue Collections Compared To Original Revenue Projections (By Fiscal Year)



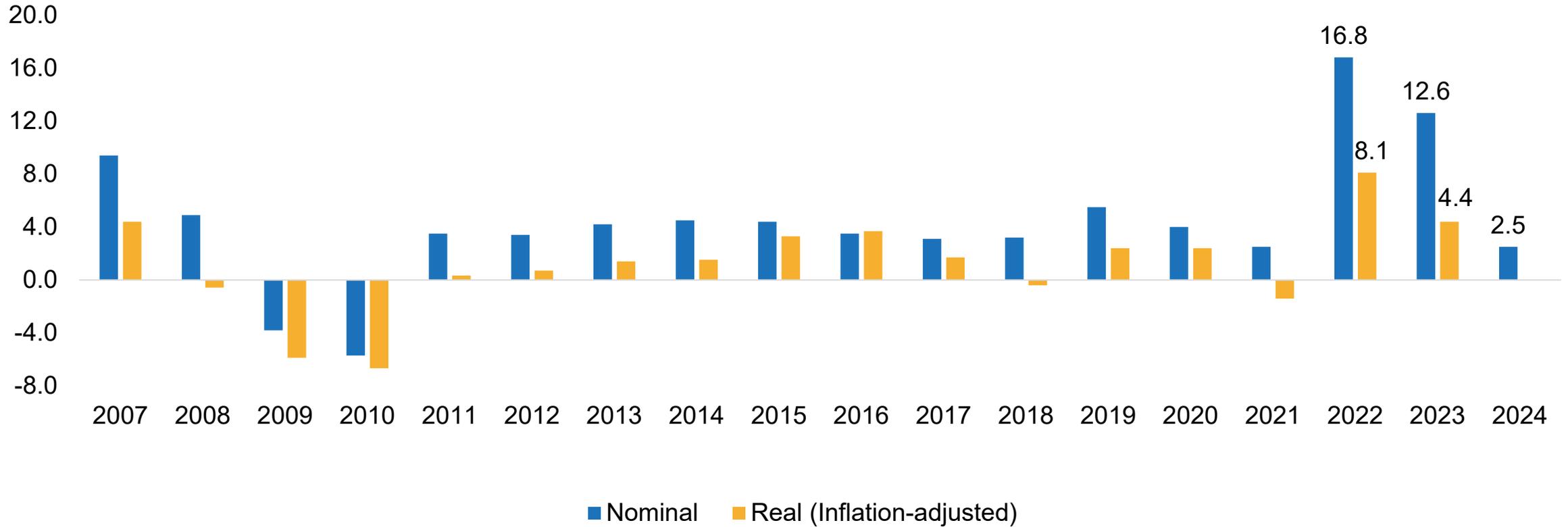
*Fiscal 2023 is ongoing and figures are subject to change.

State Spending Trends





Annual General Fund Expenditure Percentage Changes Fiscal 2007 to Fiscal 2024

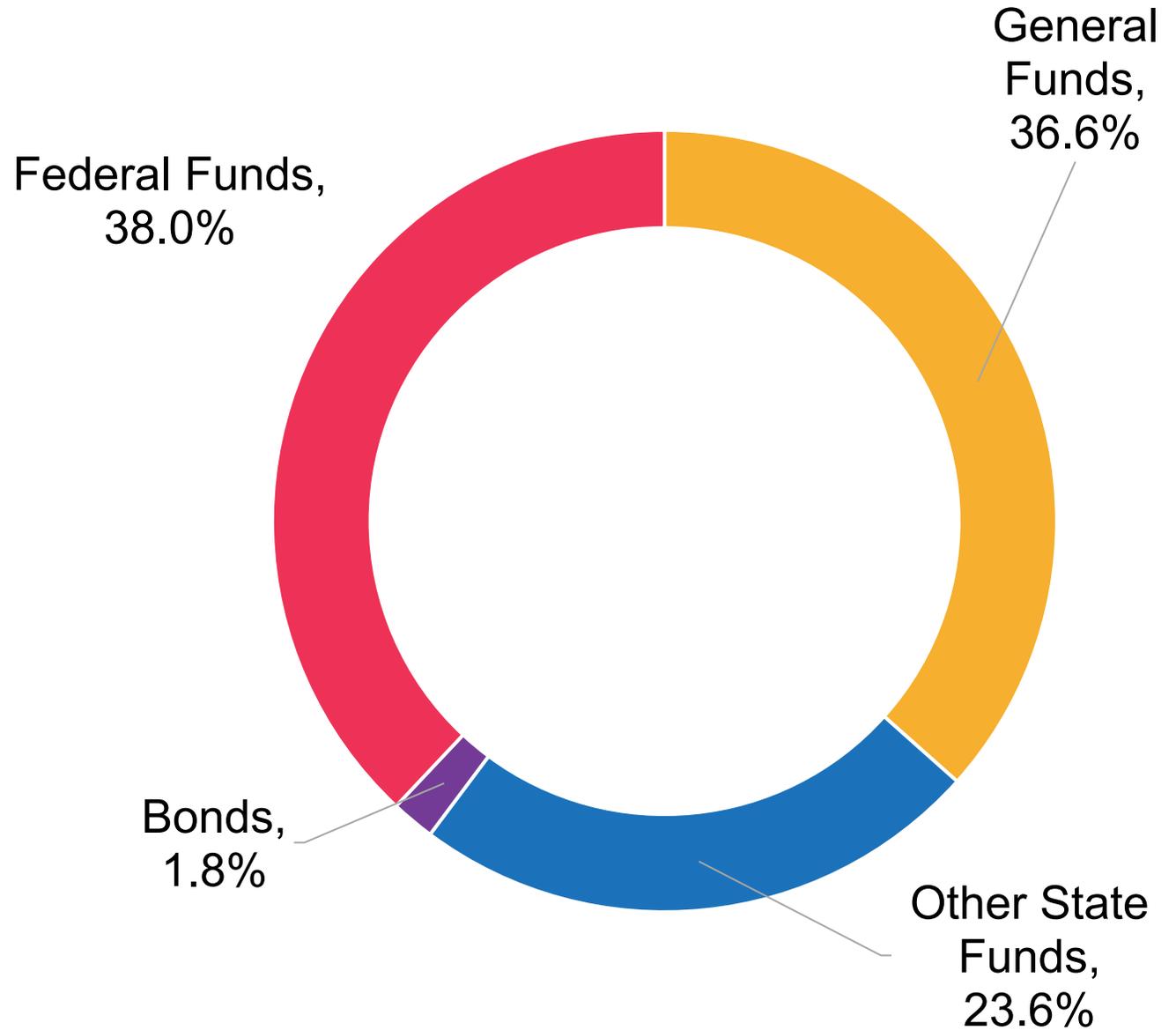


Note: Fiscal 2024 figure is based on governors' recommended budgets.

Total State Expenditures

By Fund Source

FY 2022



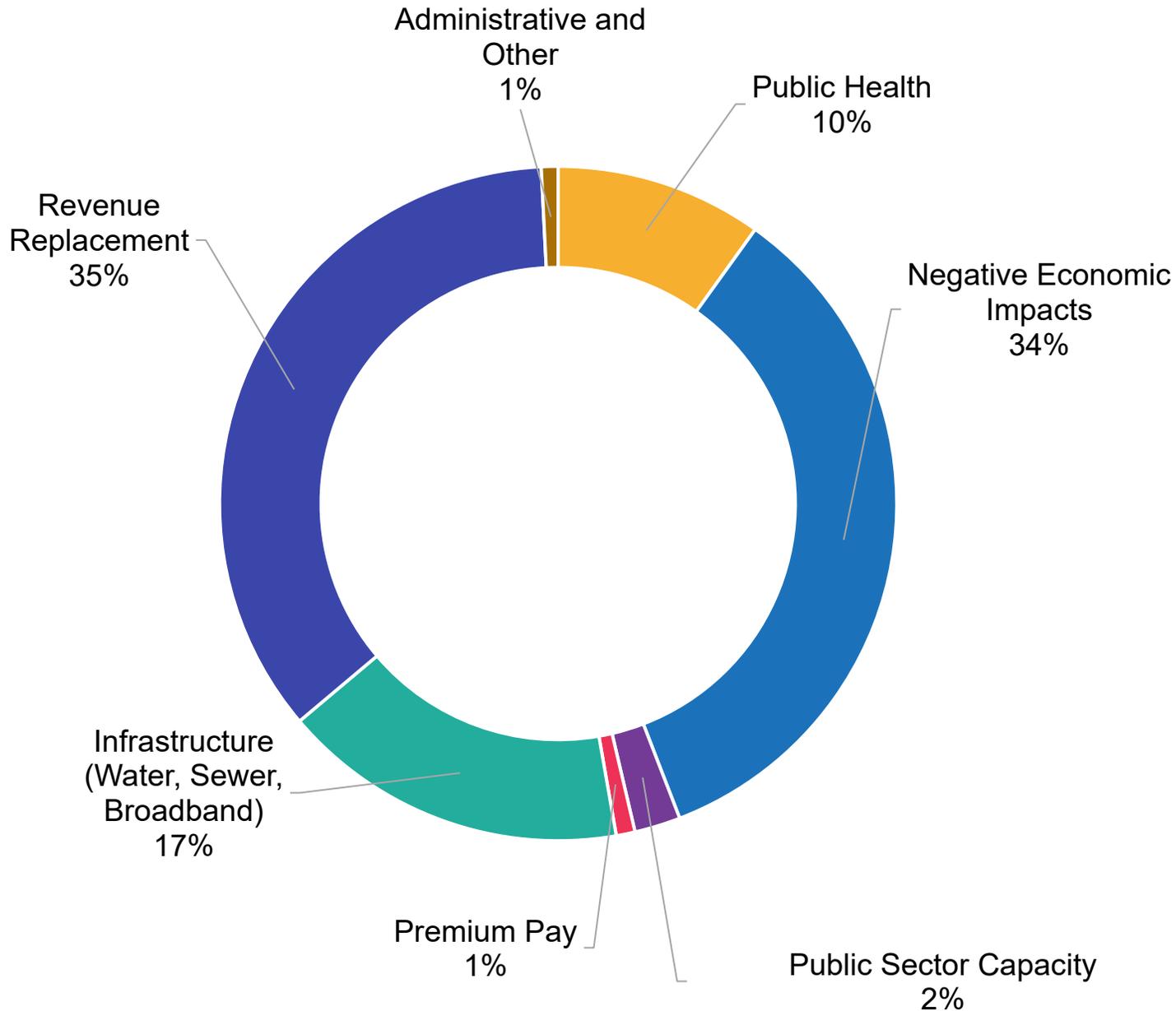
Source: NASBO State Expenditure Report

Polling Question



State Use of ARPA Funds





Allocated Coronavirus State Fiscal Recovery Funds by Treasury Expenditure Category

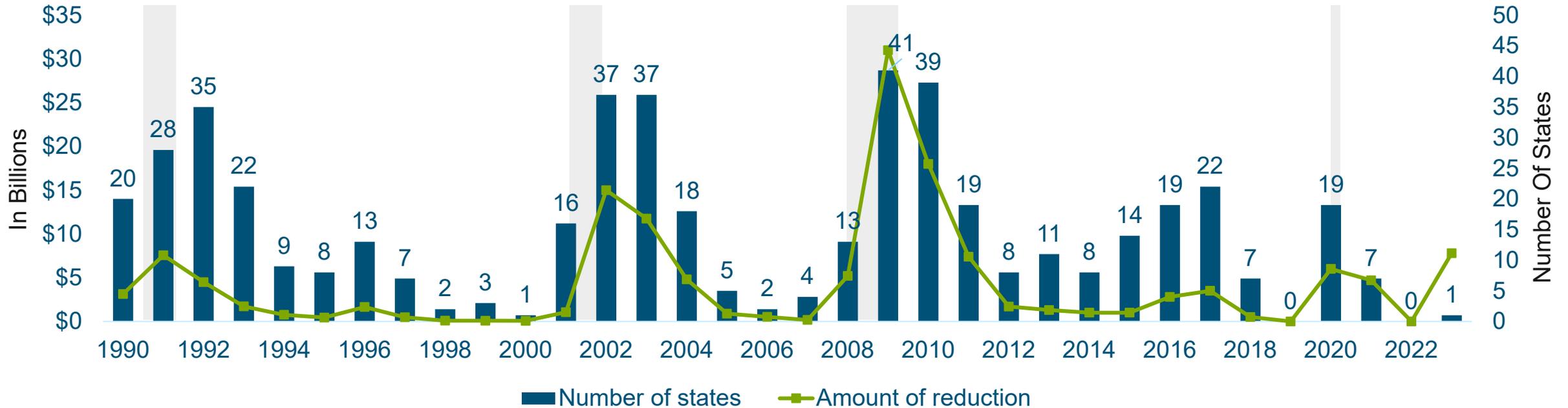
Source: NASBO analysis of states' and territories' 2022 Recovery Plan Performance Reports submitted to U.S. Treasury on July 31, 2022, supplemented with other state documents. In total, more than **80 percent** of SLFRF were allocated at the time of this analysis.

Mid-Year Budget Cuts & Fund Balances



Mid-Year Budget Reductions Due to a Shortfall

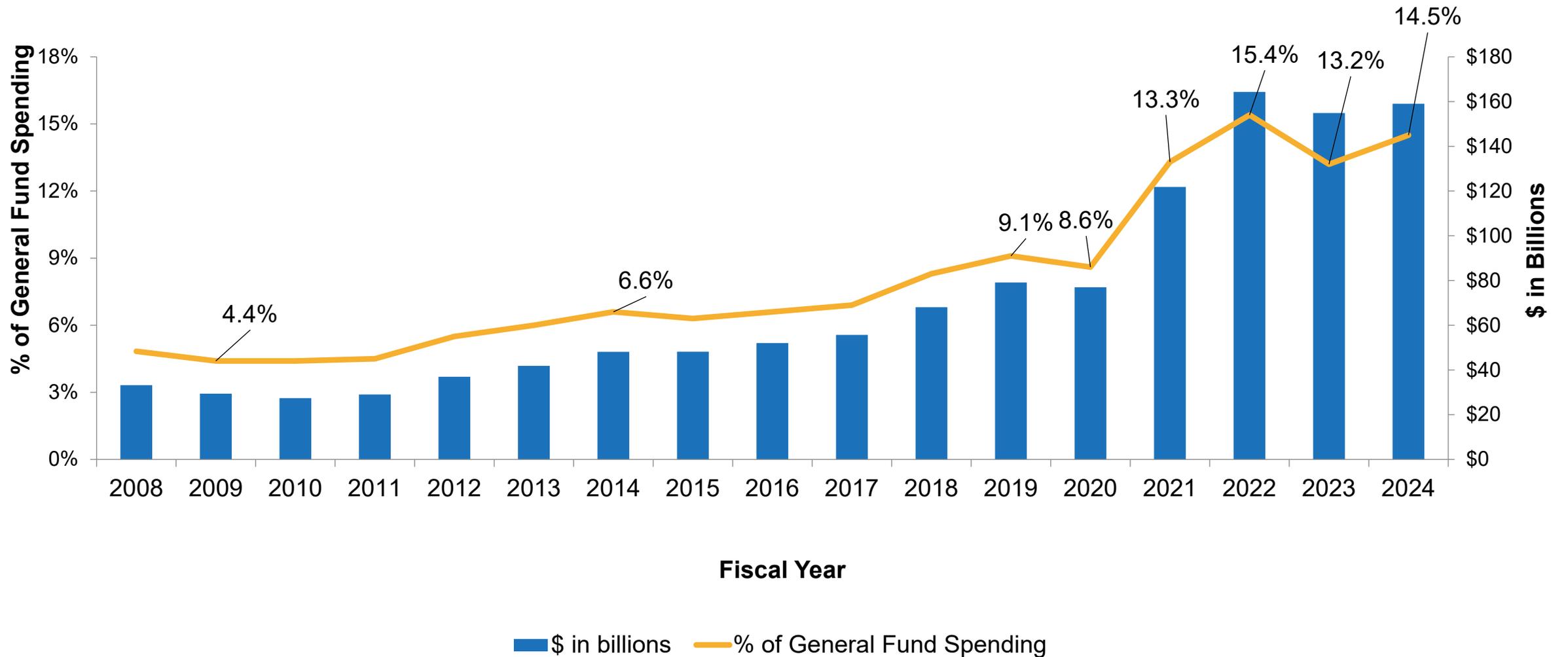
Budget Cuts Made After The Budget Passed



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).

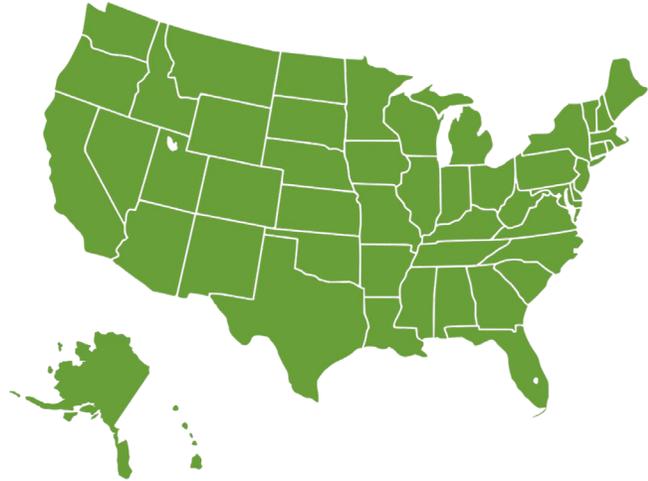
Note: Beginning in Fiscal 2018, NASBO asked states reporting net mid-year budget reductions whether the reductions were made due, at least in part, to a revenue shortfall. Effective in FY2018 going forward, only states reporting mid-year budget cuts due to a revenue shortfall are included in the totals 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

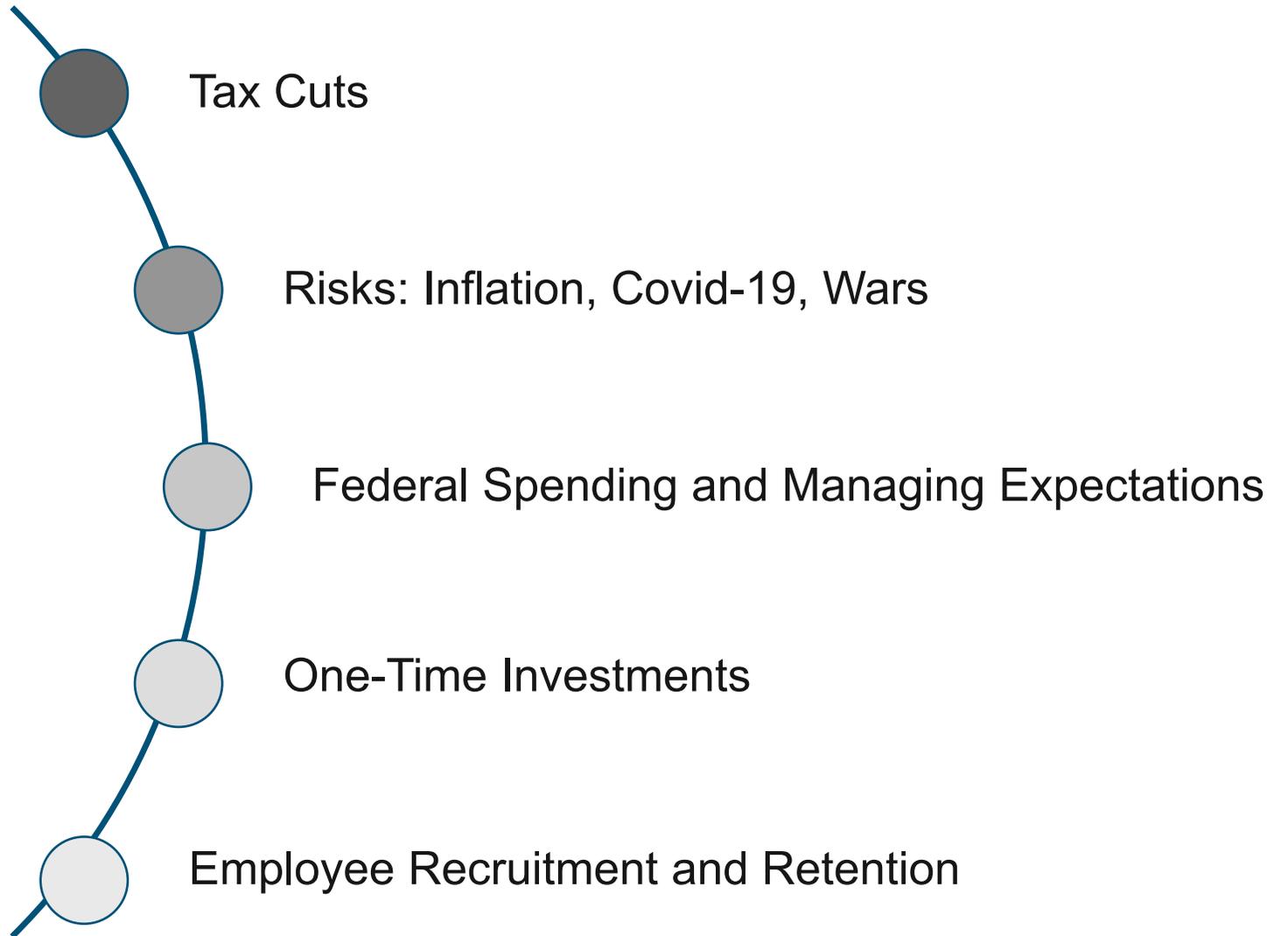


Looking Ahead





Hot Topics



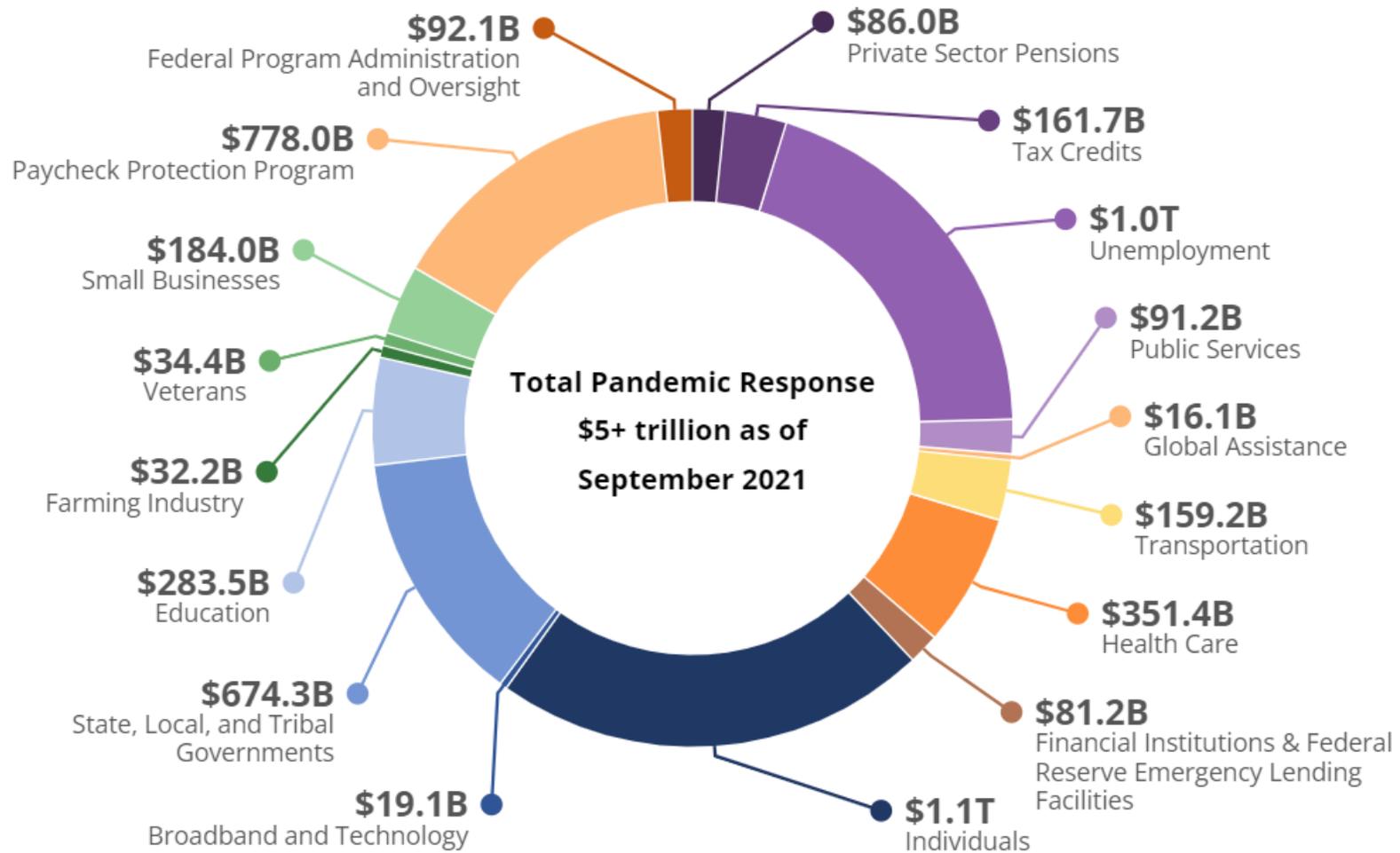
Source: NASBO

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

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

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 July 2023)
 - [Non-entitlement Units of Local Government](#)
 - [Guidance](#)
 - [FAQs](#) (as of June 30, 2021)
 - [OIG contacts](#) are various Federal agencies
 - Questions
 - 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

Polling Question

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

Obligations for Personnel Costs (November 2023)

- States expressed concern about obligating future personnel costs
- Treasury issues [Obligation Interim Final Rule](#) on November 9, 2023
 - Revises the definition of obligation and provides related guidance to give additional flexibility regarding the use of SLFRF funds
 - Does **not** alter existing obligation or expenditure deadlines or eligible use categories

Obligations for Personnel Costs (November 2023)

- Obligation Interim Final Rule
 - A recipient is also considered to have incurred an obligation by December 31, 2024, with respect to a requirement under federal law or regulation or a provision of the SLFRF award to which the recipient becomes subject as a result of receiving or expending SLFRF funds
 - A recipient may use SLFRF funds to cover costs for:
 - Reporting and compliance requirements
 - Single audit costs
 - Record retention and internal control requirements
 - Property standards

Obligations for Personnel Costs (November 2023)

- Obligation Interim Final Rule (cont.)
 - Recipient must submit to Treasury documentation regarding estimates of SLFRF funds to be used
 - Recipients may continue to charge their negotiated indirect costs rate agreement established with their federal cognizant agency or the de minimis rate of 10% of modified total direct costs
 - Subrecipients are not subject to the December 31, 2024, obligation deadline
 - In general, recipients cannot re-obligate funds or obligate additional SLFRF funds after December 31, 2024
 - However, IFR outlines some exceptions where recipients are allowed to replace a contract or subaward

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
 - 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.)
 - 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

- 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)

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 and post-retirement health plans
 - Revises the template text for a Notice of Funding Opportunity (NOFO) to reduce application burden

Proposed Revisions to *Guidance on Grants and Agreements*

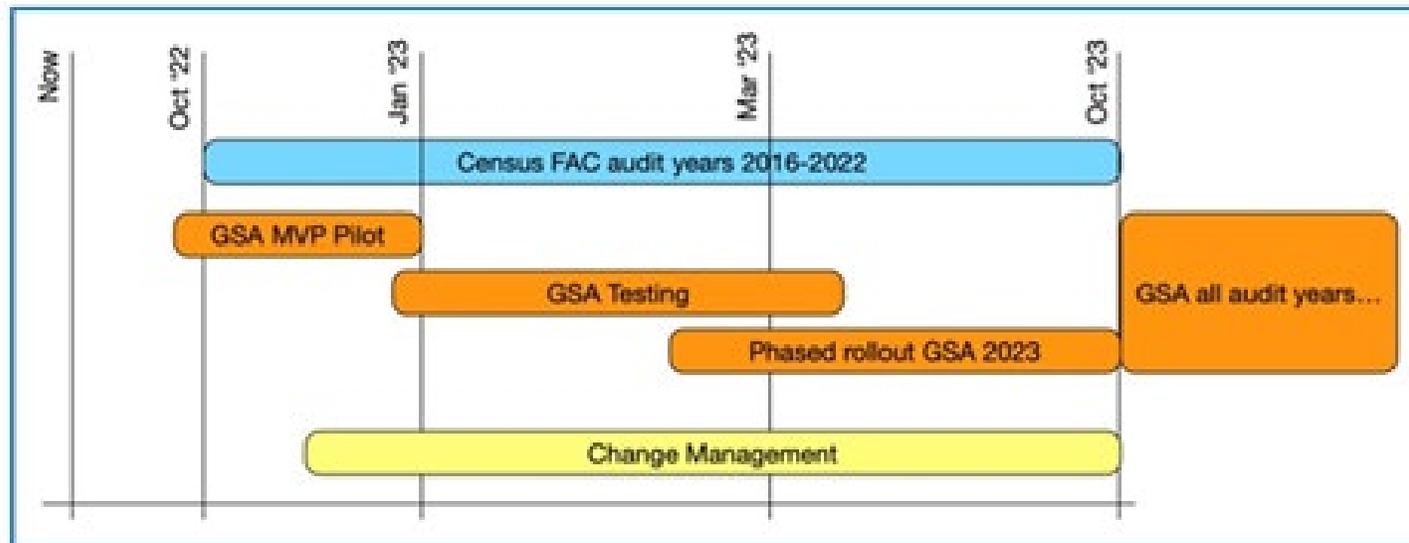
- OMB is also seeking comment on areas that could be modified in the future revisions including:
 - Audit requirements for for-profit entities
 - Additional guidance on loans and loan guarantees
 - Automatic adjustments for certain thresholds
 - Amendments to indirect costs
 - Expanding audit guidance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

Pension and Post-Retirement Health Plans: Expense Allowability

- Definitions have been modified in proposed revisions to the Uniform Guidance (Part 200, subpart E – Cost Principles)
 - In all cases, the payments for unfunded pension costs may not exceed the contribution rate of the employee’s current pension costs
 - Payments for unfunded pension costs may **only** be charged to a Federal award with the prior approval of the awarding Federal agency or cognizant agency for indirect costs
 - Similar language for OPEB costs
- Could have major implications for states with unfunded liabilities (the vast majority!)

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



Polling Question

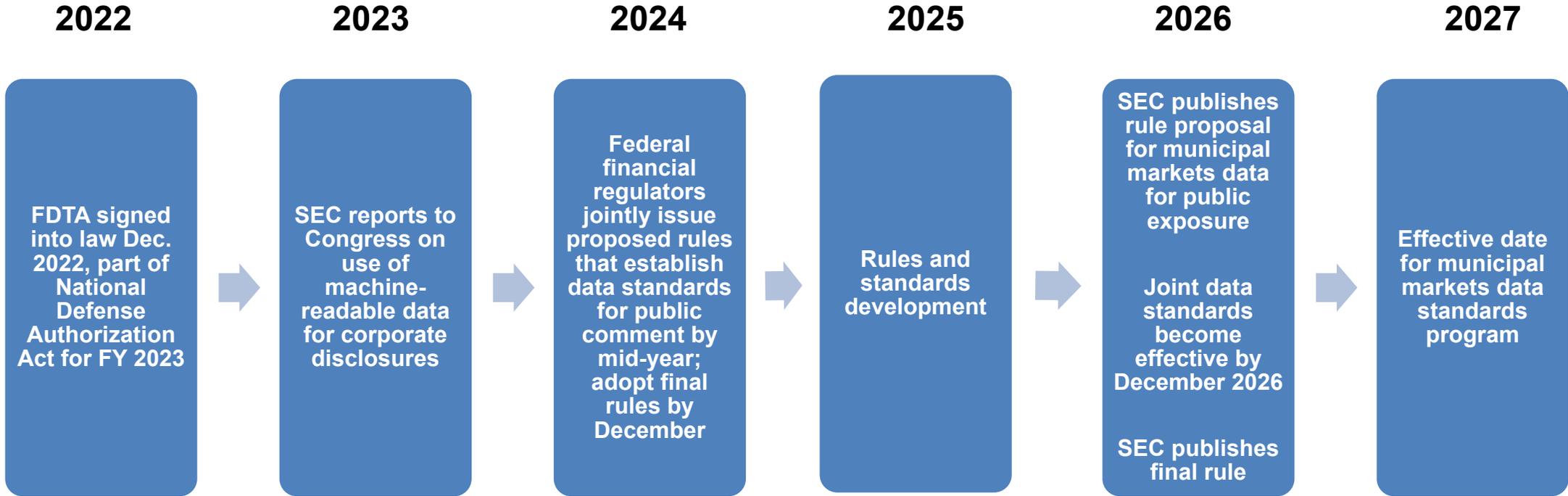
Transparency Issues

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 FDFTA?
 - 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) 12/31/21
 - 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) 12/31/22
 - c. Use data standards for all future information collection requests by federal awarding agencies (within 1 year after guidance in item b) 12/31/23
 - 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) 12/31/22
 - e. Enable the collection, public display and maintenance of Federal award information as a government-wide data set (within 5 years) 12/31/24

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

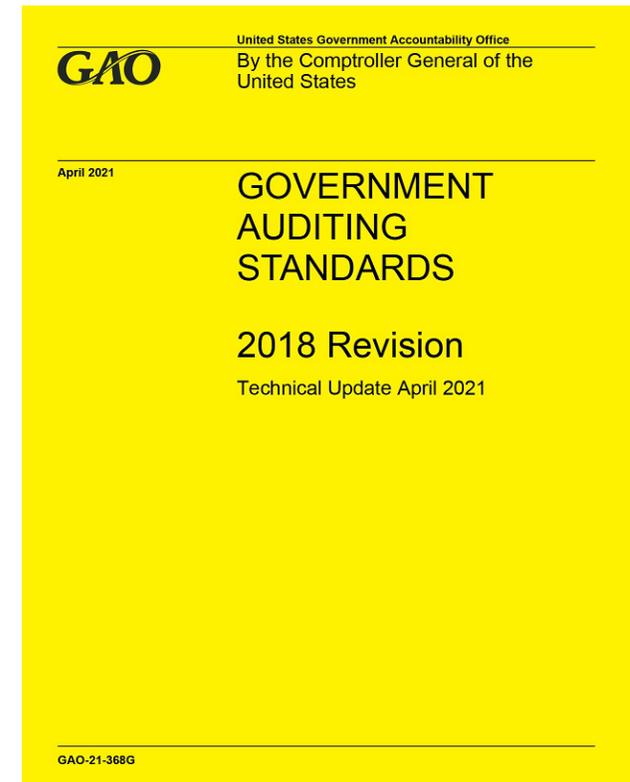
- Quality Management and Yellow Book
 1. New **risk-based approach** focused on **quality management**
 2. Revised components of the system of quality management
 3. New risk assessment process
 4. More robust leadership and governance requirements
 5. Enhanced monitoring and remediation process
 6. 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
 - Now available in [digital format](#)
- For technical assistance, contact yellowbook@gao.gov or (202) 512-9535



Standards for Internal Control in the Federal Government

Upcoming Green Book Revision

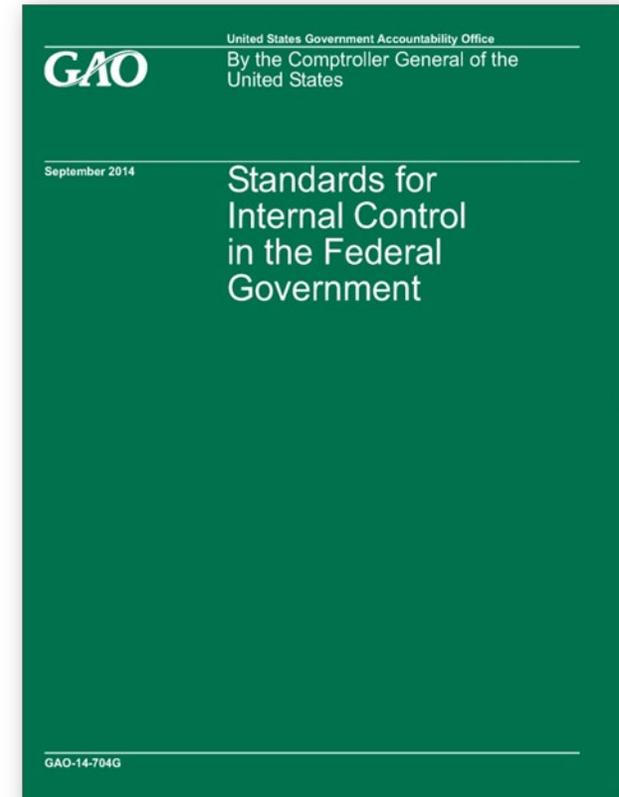
- Timing
 - Exposure Draft expected in late 2023
 - Final version expected in 2024
 - Last revision was in 2014
- Overall focus on specific governmental internal control risks
- Likely to be an expansion or elaboration of the existing Green Book

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
 - [GAO-14-704G](#)
- For technical assistance, contact 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



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

NSAA Member Data

- CPAs
 - 2000 to 2023
 - 801 decrease in number of CPAs (35%)
 - 2022 to 2023
 - 115 decrease in number of CPAs (7%)
- Entry Level Salary Pre/Post Pandemic
 - 2019-2023 13% increase
 - Beaten by inflation

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

Polling Question

Questions or Comments

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