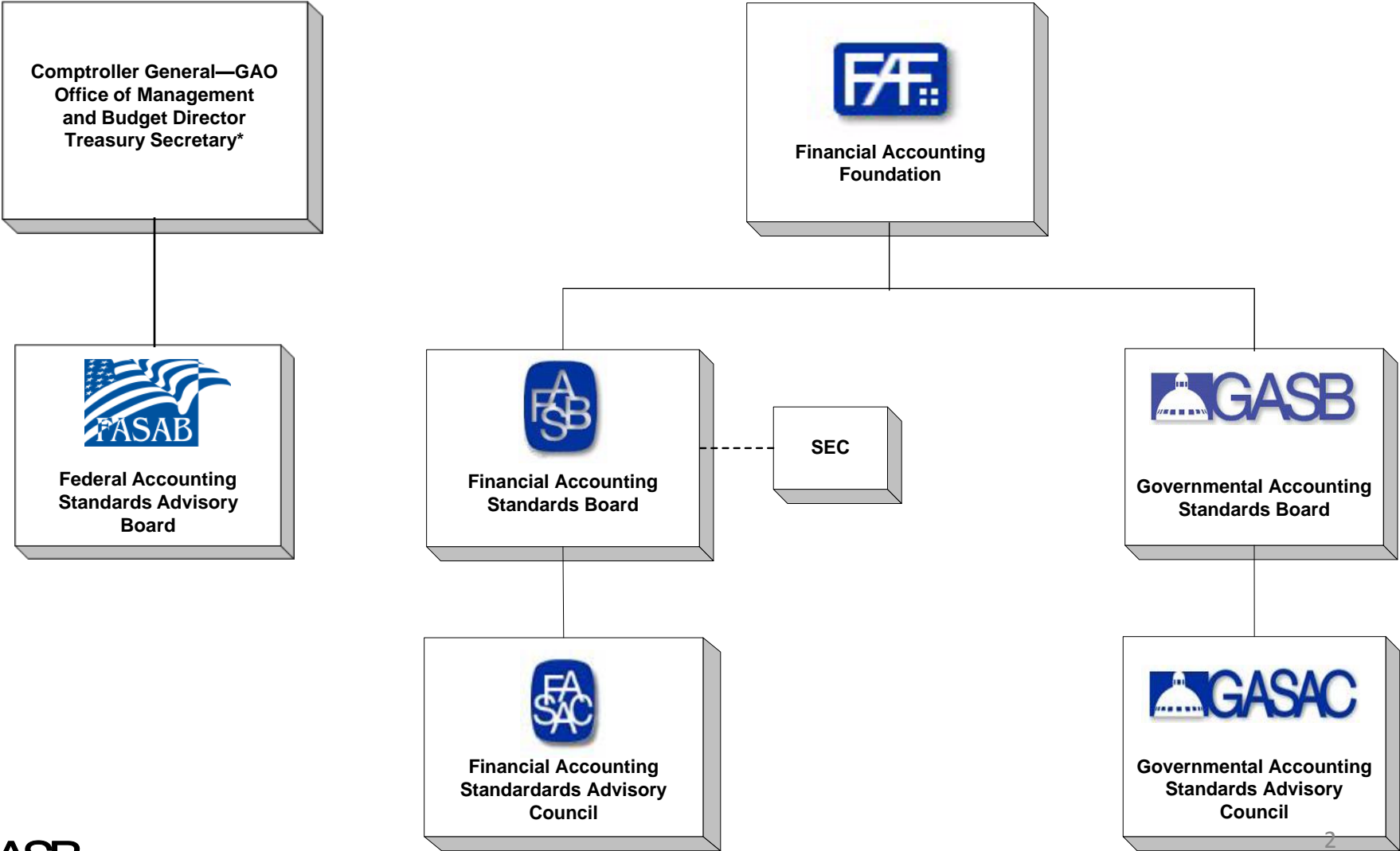




13TH ANNUAL OECD PUBLIC SECTOR ACCRUALS SYMPOSIUM

National Accounting Standards for State and Local
Governments in the United States

Standards Setting in the United States



Why Are Separate Standards for State and Local Government in the US Needed?

- Financial information needs of financial statement users differ
 - Voluntary versus involuntary resource provider (accountability to the citizenry)
 - Longevity of government and its role to maintain and enhance the well-being of citizens
- US Centric
 - State governments are sovereign entities
 - Local governments derive their powers from the States
 - Different market place for tax-exempt debt
 - Sector-specific analysts in the financial community

Relationship With the IPSASB

- GASB supports the efforts of the IPSASB
 - IPSASB member for six years
 - Staff support on a number of projects
 - Asset impairment
 - Service concession arrangements
 - Service performance
- GASB Strategy
 - Consider IPSASB pronouncements when developing GASB pronouncements for similar issues
 - Provide feedback on IPSASB projects when requested
 - Seek opportunities for collaboration
 - Harmonize with IPSASB standards where appropriate

Evolution of Formal State and Local Government Standard Setting in the US

- National Committee on Municipal Accounting (1933)
- National Committee on Governmental Accounting (1945)
- National Council on Governmental Accounting (1973)
- Governmental Accounting Standards Board (1984)

How Is the GASB Funded?

- Prior to 2012
 - Contributions
 - Sales of publications
- Since 2012
 - Accounting support fee
 - Sales of publications
- 2013 Budget—9.1 million US dollars (includes 3.3 million of allocated FAF administrative expenses)

GASB Resources

- Seven Board members
 - Full-time Chairman
 - Six part-time Board members (compensated for 1/3 time)
- Twenty-three staff members
- Board meets 17 times a year (8-9 times in person for three-day meetings)

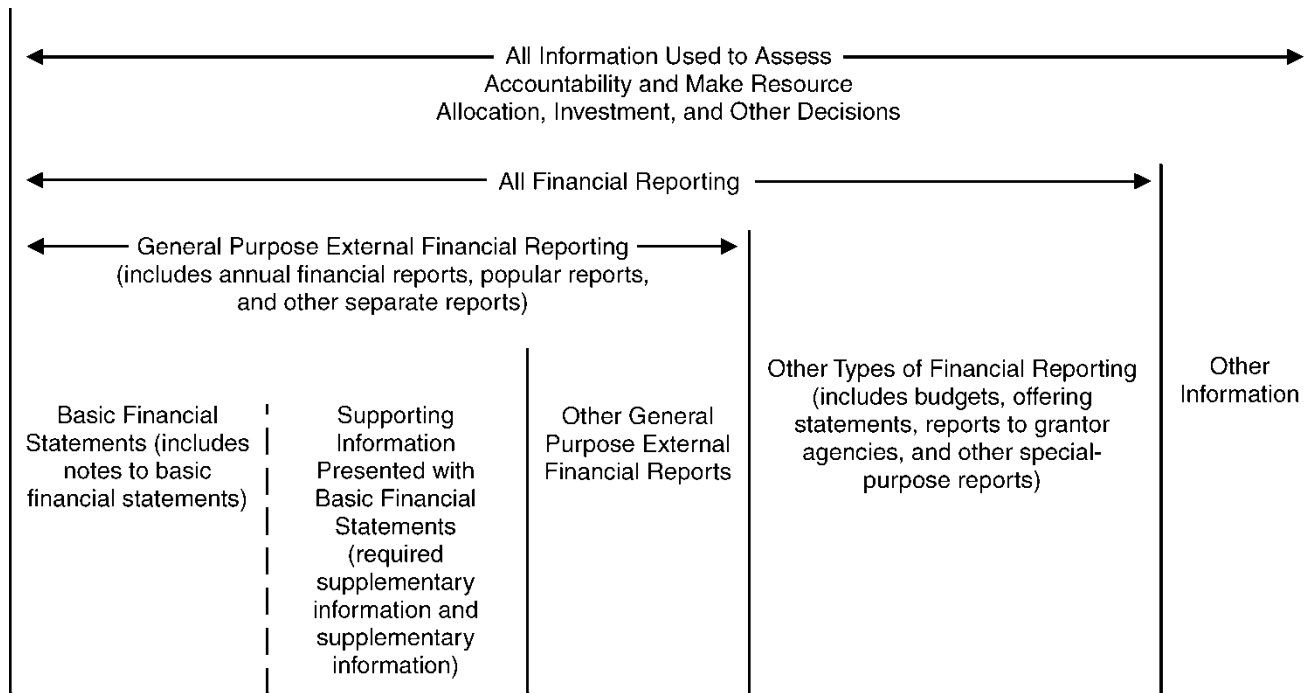
Roots of GASB Conceptual Framework— Importance of User Needs

- **National Council on Governmental Accounting (NCGA) Research Study (1981)**
 - NCGA Concepts Statement 1 (1982)
- **GASB User Needs Study (1985)**
- **FASB Conceptual Framework**
 - Qualitative characteristics
 - Service efforts and accomplishments (not-for-profit organizations)
 - Financial statement elements
 - Recognition
- **International Public Sector Standards Board (IPSASB) Conceptual Framework Project**
 - Measurement approaches

Identification of Users

- Those to whom the government is primarily accountable (the citizenry)
 - Includes media, advocate groups, citizen research groups
- Those who directly represent the citizens (legislative and oversight bodies)
- Those who lend or who participate in the lending process (investors and creditors)

General Purpose External Financial Reporting— Scope of GASB Activities/User Needs



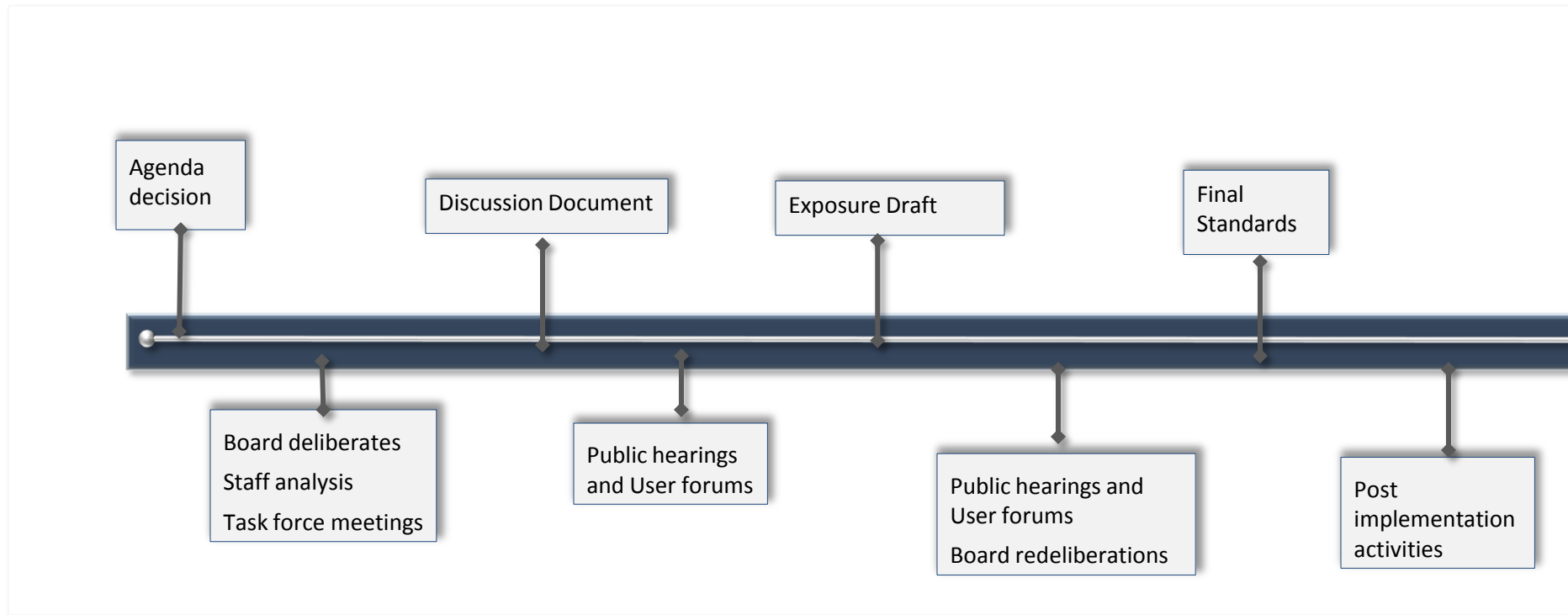
Accountability to Users

- GASB Concepts Statement 1 refers to the dictionary definition of accountable as "being obliged to explain one's actions, to justify what one does."
- Financial reporting plays a major role in fulfilling government's duty to be publicly accountable in a democratic society.

Interperiod Equity

- Financial reporting should help users assess whether current-year revenues are sufficient to pay for the services provided that year and whether future taxpayers will be required to assume burdens for services previously provided.

GASB: Due Process Overview



Interactions With Users Throughout Due Process

- Research
 - Roundtable meetings
 - Surveys
 - Interviews
- Discussion Documents/Exposure Drafts
 - Task force members—at least one-third are users
 - Advisory council—almost one-half are users
 - Other user outreach before documents are issued

User Challenges—Identification

- Constituent data base
- Outreach to user organizations, groups, and regulators
 - Financial community
 - National Federation of Municipal Analysts
 - Society of Municipal Analysts
 - Investment Company Institute
 - Securities Industry and Financial Markets Association
 - Association of Financial Guaranty Insurers (bond insurers)
 - Bond raters
 - National Association of Bond Lawyers
 - Municipal Securities Rules Board
 - Securities and Exchange Commission
 - Lists equally as long
 - Citizen organizations
 - Legislative organizations

User Challenges—Input

- Plain language documents
- User newsletters
- User webinars
- User forums
- Still not enough

Major Accomplishments With Significant Support From Users

- Financial Reporting Model
 - Accrual-based statements
 - Management's discussion and analysis
- Postemployment Benefits
 - New pension standards
 - Retiree healthcare benefits

Major Challenges For the Future

- Scope of activities
 - Service efforts and accomplishments
 - Demographic and capacity information
 - Capital asset condition information
 - Financial projections
- Weighing cost versus benefits
- Timeliness of financial reports

Questions?



Web site—www.gasb.org