

CMFO News

Certified Municipal Finance Officer

Who or What is GASB?

Jerry E. Durham, CPA, CGFM, CFE Assistant Director **Division of Local Government Audit**

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Many of you already know these things, but it never hurts to remind ourselves about the author-

ity of GASB and how GASB affects our governments. Let's ask a few questions.

What does the abbreviation GASB 1. stand for?

GASB stands for the "Governmental Accounting Standards Board." GASB establishes accounting standards that become "Generally Accepted Accounting Principles" or GAÅP.

Is GASB a govern-2. ment organization?

No. GASB is not a federal, state, or local government organization. GASB is a non-profit organization created in 1984 to establish accounting standards on behalf of governments. In other words, the way we account for government assets, liabilities,

deferrals, equity, revenues, and expenditures is defined by GASB. Governments operate differently from private sector businesses; therefore, governments have a unique type of accounting that is established by GASB. Everyone who prepares financial statements under GAAP, should report their financial information in the same way.

Do governments in Tennessee 3. have to follow the accounting standards that GASB issues.

Governments in Tennessee must be audited

every year according to Tennessee statutes. Similarly, governments in Tennessee are required to follow GASB accounting standards according to state statutes. If a government does not follow GAAP, that government will likely receive an audit finding(s).

4. Are there any new GASB accounting standards for 2019 audits?

Yes. There are three new standards that must be followed depending on whether you report on a calendar year (12/31) or fiscal year such as June 30, 2019. The new standards are:

> GASB Statement 83 - Certain Asset Retirement Obligations. This standard requires that a liability be calculated and recorded for the costs associated with the retirement of certain capital assets. The liability will be recorded now, even though the asset will be retired in the future. Does your government have any assets that fall under this new reporting standard?

GASB Statement 88 – Certain Disclosures Related to Debt.

including Direct Borrowings and Direct *Placements.* This standard defines what qualifies as "debt" for financial statement reporting. If you have a bond issue that is outstanding, this would be defined as debt according to the standard, but certain other long-term liabilities would not be consid-ered to meet the definition of debt. For example, a pension liability is long-term liability. But is this long-term liability considered to be "debt" under GASB's new definition? The answer is No. So, what should you present as "debt" in your financial statements?

INSIDE THIS ISSUE:

Annual Compliance	
Reporting	2
Let's Talk	2
Upcoming Training	
Classes/Conferences	3
TGFOA	4
Penalty Notice	5
Spotlight on Going	
Inactive	5



Division of Local Government Audit Cordell Hull Building 425 Fifth Avenue North Nashville, Tennessee 37243-3400

> Phone: 615-401-7841 Fax: 615-741-6216



Annual Compliance Reporting Form

Some municipalities have not completed the Annual Compliance Reporting Form on the CARS system. This form is used to report the municipality's current status related to compliance with the CMFO Act. Municipalities will need to complete this form **annually** during April of each year. Questions regarding the reporting cycle should be addressed to LGA.WEB@cot.tn.gov.

<u>GASB Statement 84</u> – *Fiduciary Activities*. This statement is only effective for governments that operate on a calendar year such as utilities. If your government has a December 31, 2019 financial reporting year-end, then GASB Statement 84 applies to you. The Statement will be effective for governments that have a fiscal year end of June 30, 2020. This statement changes the way we report certain money that is held for others in a trust or in an agency fund. **This Statement will affect most governments in Tennessee. How will it affect you?**

If you already know the answers to the above questions, then you have been doing your homework. Thank you. For the rest of my readers, you likely fall into one of the following categories:

- a. I have never heard of these new GASB Statements.
- b. I have heard of them, but I don't understand what the new GASB Statements require.
- c. I have a general understanding of what the new Statements require, but I don't know how to apply them to my government.

You wear many hats as a CMFO. One of those hats should involve keeping your government apprised of new GASB Statements. Each year you should find out what new Statements have been issued. Then you should start asking questions. Where can I get training? Can I get an understanding from the CPA Firm that performs my audit? Should I call the Comptroller's Office?

If I were in your shoes, I would want to get CPE each year that helps me understand and apply new GASB Statements. What do you think? And while we are thinking about this topic, do you know what GASB Statements will apply to your government for 2020?



Let's Talk

Starting with this edition of CMFO News, we are going to answer your submitted questions. This new section is designed specifically to answer whatever questions you may have that would help you and other CMFOs. You may ask questions about CPE, CMFO status, Penalties, CMFO requirements for Cities, or anything else you have on your mind. Help us get this new section started by submitting your questions to <u>Yanna.Utley@cot.tn.gov</u>.

Can I complete online training classes from the previous year again to submit for the current require hours?

According to our Policies and Procedures Manual on page 18, Section (2c):

All individuals who are required to take CPE should select continuing education opportunities that maintain and/or improve their competence in their profession. In other words, the same CPE course cannot be taken repetitively. Updates, refresher courses and other courses that "maintain or improve competence" are acceptable.



CPE Provider Training Opportunities

(The following list is not a preapproval or endorsement of the provider organizations, and neither do we provide any assurance regarding classes offered by the organizations.)

ACFE (Association of Certified Fraud Examiners) http://www.acfe.com/

ACPEN (Accounting CPE Network) http://www.acpen.com/

AGA (Association of Government Accountants) (CGFM) http://www.agacgfm.org/

AICPA (American Institute of Certified Public Accountants) CPExpress https://www.aicpa.org/cpeandconferences/cpeselfstudy.html

Checkpoint Learning CPEasy http://www.cpeasy.com/

Continuing Academics CPETutor http://www.cafacpe.com/default.aspx

GFOA (Government Finance Officers Association) http://www.gfoa.org/index.php? option=com_content&task=view&id=28&Itemid=49

Local Government Corporation https://www.localgovernmentcorporation.com/drupal7/

MTAS http://www.mtas.tennessee.edu/training-calendar-0

NASACT (National Association of State Auditors, Comptrollers, & Treasurers) http://nasact.org/

TGA (Tennessee Gas Association) http://www.tngas.org/

TCMA (Tennessee City Management Association) http://www.tncma.org/

TGFOA (Tennessee Government Finance Officers Association) http://www.tngfoa.org

TSCPA (Tennessee Society of Certified Public Accountants) http://www.tscpa.com

TVPPA (Tennessee Valley Public Power Association, Inc.) http://www.tvppa.com/

Tyler Technologies http://www.tylertech.com/

Western CPE http://www.westerncpe.com/



Aurfreesboro October 10-11, 2019

Registration is now open

For more information concerning this event, please visit <u>http://tngfoa.wildapricot.org/event-3451390</u>.





enalty hours will be assessed to individuals who did not complete the required 24 hours Continuing Professional of Education (CPE) for 2018. A letter was sent to these individuals indicating the number of additional penalty hours they incurred for 2019. The deadline for penalty hours is six months from the date of the letter. Failure to complete these hours may cause the city to be in noncompliance. As a result, your status will change from 1) penalty, 2) delinquent, or 3) expired. \Box

SPOTLIGHT ON GOING INACTIVE

To change your status to inactive, your current CMFOA status must be active and your CPE status is none or current, please notify us in writing and we will send you a form to fill out and return to us. To obtain a copy of the form, please email Yanna Utley at Yanna.Utley@cot.tn.gov.

You will not be able to change your status, if your status is anything other than what is stated above. Please see the policy and procedure manual, page 26 section E1 at <u>https://www.comptroller.tn.gov/RA Upload/</u> <u>CFMOPoliciesandProcedures.pdf</u>. □





Continuing Professional Education

The deadline for all CPE hours is December 31st.

For assistance in finding a class, please check out our website at: https://www.comptroller.tn.gov/la/pdf/20171213CPE_Reporting-ProviderIdeas.pdf