

# Governmental & Nonprofit A&A Update

May 21, 2022

1

## Agenda

---

ASU 2020-07

COVID Accounting

GASB Update

Yellow Book Reporting

ARPA

Round Tables

2

ASU 2020-07



3

ASU 2020-07

---

**Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets**

- Issued: September 2020

Background:

- Regulatory and legal push for deceptive revenues
- Increase transparency

4

## ASU 2020-07 Cont'd

---

- Objective
  - Increasing transparency about contributed nonfinancial assets through enhancements to presentation & disclosure

5

## ASU 2020-07 Cont'd

---

- Definition of nonfinancial asset
  - An asset that is not a financial asset.
  - Nonfinancial assets include land, buildings, use of facilities or utilities, materials and supplies, intangible assets, or services.

6

## ASU 2020-07 Cont'd

---

- Background
  - Current GAAP does not include specific presentation requirements for contributed nonfinancial assets or specific disclosure requirements for contributed nonfinancial assets other than contributed services

7

## ASU 2020-07 Cont'd

---

- Background
  - Contributed nonfinancial assets extend cash resources
  - Requires fair value
    - Not really a market participant
      - May not have a market
      - Inputs can be challenging

8

## ASU 2020-07 Cont'd

---

- Scope
  - Contributions of nonfinancial assets
    - Fixed assets
    - Supplies
  - Excludes cash and stock (financial assets)

9

## ASU 2020-07 Cont'd

---

- Update
  - Present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets

10

## GIK Presentation – Separate Line

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and gains</b>			
Contributions			
Cash and other financial assets	65,000	75,000	140,000
In-kind	150,000	-	150,000
Government grants	25,000	-	25,000
Other income	5,000	-	5,000
Net assets released from restrictions	20,000	(20,000)	-
Total revenues, gains, and other support	265,000	55,000	320,000
<b>Expenses</b>			
Program	165,000	-	165,000
Support services:			
Management and general	20,000	-	20,000
Fundraising	1,000	-	1,000
Total expenses	186,000	-	186,000
<b>Change in net assets</b>	<b>79,000</b>	<b>55,000</b>	<b>134,000</b>

11

## GIK Presentation – Separate Column

	Without Donor Restrictions			With Donor	Total
	In-Kind	Other	Total	Restrictions	
<b>Revenues and gains</b>					
Contributions	150,000	65,000	215,000	75,000	290,000
Government grants	-	25,000	25,000	-	25,000
Other income	-	5,000	5,000	-	5,000
Net assets released from restrictions	-	20,000	20,000	(20,000)	-
Total revenues, gains, and other support	150,000	115,000	265,000	55,000	320,000
<b>Expenses</b>					
Program	115,000	50,000	165,000	-	165,000
Support services:					
Management and general	-	20,000	20,000	-	20,000
Fundraising	-	1,000	1,000	-	1,000
Total expenses	115,000	71,000	186,000	-	186,000
<b>Change in net assets</b>	<b>35,000</b>	<b>44,000</b>	<b>79,000</b>	<b>55,000</b>	<b>134,000</b>

12

## ASU 2020-07 Cont'd

---

- New Disclosures
  - A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets
  - Disclosures for each category

13

## ASU 2020-07 Cont'd

---

- Disclosures
  - Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period
    - If utilized, an NFP will disclose a description of the programs or other activities in which those assets were used
  - The NFP's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets

14

## ASU 2020-07 Cont'd

- Disclosures

- A description of any donor-imposed restrictions associated with the contributed nonfinancial assets
- A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition
- The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient NFP is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets

15

### Contributed Nonfinancial Assets

For the years ended December 31, contributed nonfinancial assets recognized within the statement of activities included:

	20X9	20X8
Building	\$ 550,000	\$ -
Household goods	95,556	100,486
Food	85,407	86,633
Medical Supplies	90,389	115,173
Pharmaceuticals	111,876	113,982
Clothing	85,765	83,890
Vehicles	127,900	-
Services	73,890	65,392
	<u>\$ 1,220,783</u>	<u>\$ 565,556</u>

NFP K recognized contributed nonfinancial assets within revenue, including a contributed building, vehicles, household goods, food, medical supplies, pharmaceuticals, clothing, and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

It is NFP K's policy to sell all contributed vehicles immediately upon receipt at auction or for salvage unless the vehicle is restricted for use in a specific program by the donor. No vehicles received during the period were restricted for use. All vehicles were sold and valued according to the actual cash proceeds on their disposition.

The contributed building will be used for general and administrative activities. In valuing the contributed building, which is located in Metropolitan Area B, NFP K estimated the fair value on the basis of recent comparable sales prices in Metropolitan Area B's real estate market.

Contributed food was utilized in the following programs: natural disaster services, domestic community development, and services to community shelters. Contributed household goods were used in domestic community development and services to community shelters. Contributed clothing was used in specific community shelters. Contributed medical supplies were utilized in natural disaster

16



Contributed Nonfinancial Assets				
	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Building	\$550,000	General and Administrative	No associated donor restrictions	In valuing the contributed building, which is located in Metropolitan Area B, NFP K estimated the fair value on the basis of recent comparable sales prices in Metropolitan Area B's real estate market.
Household goods	\$95,556	Domestic Community Development; Community Shelters	No associated donor restrictions	NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Food	\$85,407	Natural Disaster Services; Domestic Community Development; Community Shelters	No associated donor restrictions	NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Medical supplies	\$90,389	Natural Disaster Services	No associated donor restrictions	NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Pharmaceuticals	\$111,876	International Health Services; Natural Disaster Services	Restricted to use outside the United States	In valuing contributed pharmaceuticals otherwise legally permissible for sale in the United States, NFP K used the Federal Upper Limit based on the weighted average of the most recently reported monthly Average Manufacturer Price (AMP) that approximate wholesale prices in the United States (that is, the principal market). In valuing pharmaceuticals not legally permissible for sale in the United States (and primarily consumed in developing markets), NFP K used third-party sources representing wholesale exit prices in the developing markets in which the products are approved for sale.
Clothing	\$85,765	Natural Disaster Services; Domestic Community Development; Community Shelters	No associated donor restrictions	In valuing clothing, NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Vehicles	\$127,900		No associated donor restrictions	It is NFP K's policy to sell all contributed vehicles immediately upon receipt unless the vehicle is restricted for use in a specific program by the donor. All vehicles received were sold. Proceeds from vehicles sold are valued according to the actual cash proceeds on their disposition.
Services	\$73,890	Various Administrative Legal Matters	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.

17

## ASU 2020-07 Cont'd

- Not Changing
  - Will not change the recognition and measurement requirements in Subtopic 958-605 for those assets

18

## ASU 2020-07 Cont'd

---

- Effective
  - Apply retrospectively
  - For annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022
    - Early adoption is permitted

19

## COVID Accounting



20

## Other Accounting Considerations

Asset Impairment

Loss  
Contingencies

Risk & Uncertainty  
Disclosures

Going Concern

21

## Risk & Uncertainties

The Great  
Resignation

Supply  
Chain

OSHA

Inflation

Revenue  
Streams

22

# 958-605 Refresher



23

## ASU 2018-08

---

### **Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made**

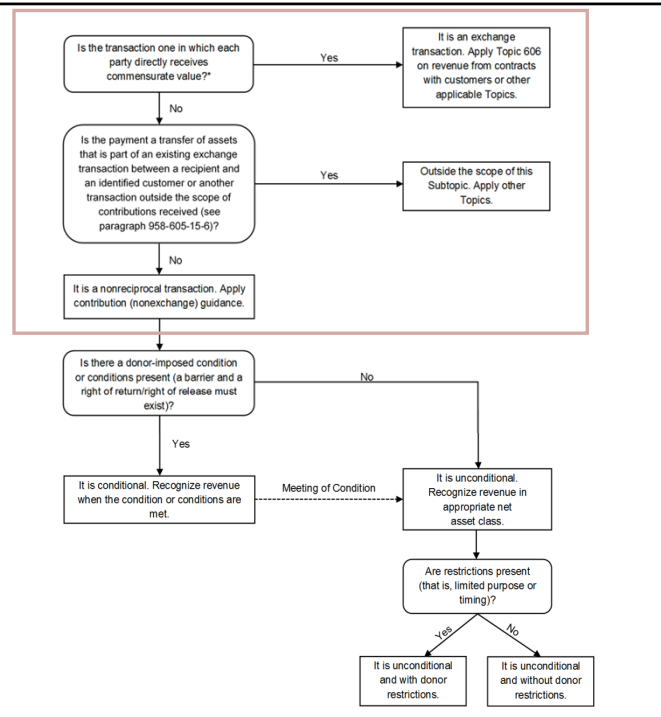
- Issued: June 2018

#### Addresses:

- Contribution vs. Exchange
- Condition vs. Restriction

24

## 958-605-55-1A Implementation Guidance



25

## Condition

- A donor-imposed condition must have both:
  - One or more barriers that must be overcome before a recipient is entitled to the assets transferred or promised
  - A right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets

26

## Indicators

---

- Measurable Performance-Related Barrier or Other Measurable Barrier
- Limited Discretion by the Recipient on the Conduct of an Activity
- Stipulations That Are Related to the Purpose of the Agreement

27

## Conditions

---

- Must be determinable from the agreement that a recipient is only entitled to the transferred assets or a future transfer of assets if it has overcome the barrier
  - Does not need to include the specific phrase right of return or release from obligation
  - Should be sufficiently clear to be able to support a reasonable conclusion
- In the absence of any apparent indication the agreement – unconditional

28

## Recognition & Measurement

---

- A transfer of assets that is a conditional contribution is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor

29

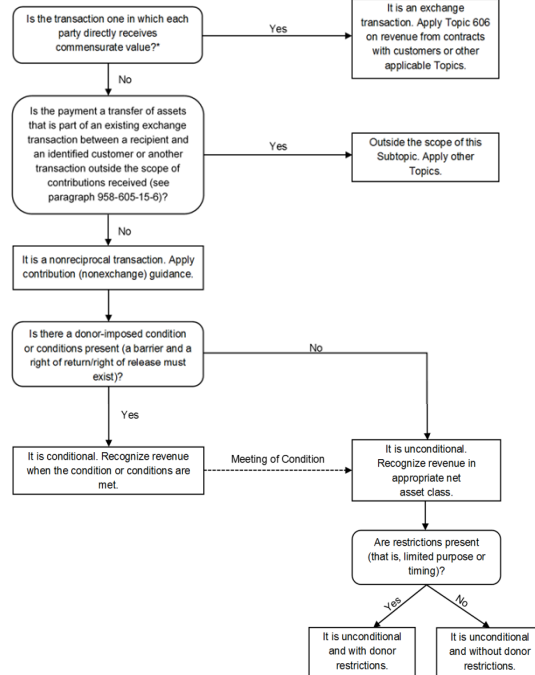
## Recognition & Measurement Cont'd

---

- Conditional promises to give which contain donor-imposed conditions are recognized when the condition or conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional

30

# 958-605-55-1A Implementation Guidance



31

PPP



32



## AICPA TQA

---

### Q&A Section 3200, Long-Term Debt

- Issued: June 2020

#### Background:

- Addresses questions regarding accounting for PPP Loans

33

## Question

---

How should a nongovernmental entity account for a forgivable loan received under the Small Business Administration Paycheck Protection Program (PPP)?



34

## Answer

---

- Although the legal form of the PPP loan is debt, some believe that the loan is, in substance, a government grant

35

## Debt Accounting

---

- Proceeds from the loan would remain recorded as a liability until either:
  - The loan is, in part or wholly, forgiven and the debtor has been “legally released”
  - The debtor pays off the loan to the creditor
- Once the loan is, in part or wholly, forgiven and legal release is received, a nongovernmental entity would reduce the liability by the amount forgiven and record a gain on extinguishment

36

## ASU 2018-08

---

- Record the cash inflow from the PPP loan as a refundable advance
  - Reduce the refundable advance and recognize the contribution once the conditions of release have been substantially met or explicitly waived

37

## Not Options for NFPs

---

Grant  
(Analogize IAS 20)

Gain Contingency

38

# RRF & SVOG



39

## Background

---

### **TQA 5270**

- Issued: August 2021

### Background:

- New federal funding
- No guidance in US GAAP for for-profit entities

40

## Question

---

How should a recipient account for a Shuttered Venue Operators Grant (SVOG) or a Restaurant Revitalization Fund (RRF) Grant issued under the Small Business Administration COVID-19 Relief Programs?



41

## NOT Loans

---

- Under the terms of both the SVOG and RRF grants, recipients are not required to repay the funding as long as funds are used for eligible uses by the dates specified by each respective program

42

## For Profits

---

- Analogize
  - International Accounting Standard (IAS) 20, Accounting for Government Grants and Disclosure of Government Assistance
  - FASB ASC 958-605, Not-for-Profit Entities — Revenue Recognition
  - FASB ASC 450-30, Contingencies — Gain Contingencies

43

## NFP

---

- Conditional Grants under FASB ASC 958-605, Not-for-Profit Entities — Revenue Recognition
  - Barriers
    - Incurred eligible expenses
  - Right of Return
    - Noncompliance with the terms and conditions is grounds for recoupment by the Small Business Administration

44

# PRF & the SEFA



45

## Q&A Section 9160

---

- Other Reporting
- Background
  - Section 2 CFR 200.514 requires the auditor to determine and report on whether the SEFA is fairly stated in all material respects, in relation to the financial statements as a whole

46

## Background

---

- DHHS is requiring reporting on the SEFA based on reporting in the HHS Portal and not the financial statements

47

## Inquiry

---

Paragraph .05 of AU-C section 725 requires that the SI relate to the same period as the FS for the auditor to issue an in-relation-to opinion on the SI.

Can an auditor report on a SEFA with PRF funding in relation to the audited financial statements when some of the amounts relate to an entity's prior fiscal year?



48



## Reply

---

- Yes. The auditor may provide an in-relation-to opinion on the SEFA as long as the schedule can be reconciled back to the underlying accounting and other records used in preparing the financial statements or to the financial statements themselves, and as long as the other conditions and requirements of AU-C section 725 are met.

## Reply Cont'd

---

- In the case of PRF, the out-of-period amounts reflected on the SEFA were reported in the prior year financial statements but are also reflected in beginning net assets (or net position) of the current year financial statements

# Vaccines



51

## AICPA TQA 6400.71

---

### **Accounting by a Recipient Entity for Vaccines or Other Pharmaceuticals, Medical Supplies, or Equipment Received for Distribution to Specified Patients**

- Issued: February 2022

#### Background:

- Health care entities receive pharmaceuticals or other items from resource providers to distribute to patients participating in right-to-try programs, clinical trials, prescription assistance programs, or other programs designed to distribute pharmaceuticals to patients free of charge

52

## Background

---

- These transactions generally involve three distinct parties:
  - A resource provider
  - The health care entity receiving custody of the items until they are dispensed
  - The specified patients

53

## Inquiry

---

Should a health care entity that receives items free of charge to dispense to specified patients recognize the fair value of the items within their financial statements?



54

## Response

---

### **Step 1 – Evaluate if exchange or nonexchange**

- Exchange – Topic 606

55

## Nonexchange

---

### **Step 2 – Determine HC entity type**

- NFP – apply 958-605
- For Profit – no specific GAAP
  - Can apply 958-605 by analogy

56

958-605

---

### Step 3 – Determine if acting as agent or intermediary in agency transaction

- Exceptions to agency transactions
  - Variance Power
  - Financially Interrelated

57

### Definition

---

#### Variance Power

- Variance power is “the unilateral power to redirect the use of the transferred assets to another beneficiary. A donor explicitly grants variance power if the recipient entity's unilateral power to redirect the use of the assets is explicitly referred to in the instrument transferring the assets.”

58

## Accounting

---

### Step 4 – Account for transaction

- Principal (variance power or financially interrelated)
  - Recognize revenue (if a not-for-profit health care entity) or other income (if a for-profit health care business entity) for the contributed nonfinancial asset it received to distribute to specified patients
- Agent or Intermediary
  - Permitted, but not required, to recognize those assets and the corresponding liability
    - Apply entity's accounting policy

## Fair Value Considerations

---

### Step 5 – Determine fair value

- Facts and circumstances, including the lack of marketability or any transferable value, should be considered in determining the fair value of the contributed nonfinancial assets

## Disclosures

---

### Step 6 – Consider disclosures

- NFP – presentation and disclosures in ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets
- For-profit – disclosures in ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance
  - Can also analogize ASU 2020-07

61

ERC



62

## Background

---

- Employee Retention Credit (ERC)
  - Created by CARES Act
  - Amended by CAA
  - Extended by ARPA
  - Terminated by Infrastructure Act

63

## Background Cont'd

---

- Originally couldn't have PPP & ERC but CAA amended RETROSPECTIVELY
- Payroll credit
  - Not income tax

64



## Prospective Treatment - NFPs

---

- Follow 958-605

65

## Prospective Treatment – For Profit

---

- Follow 958-605
- Follow IFRS (IAS 20)
- Gain Contingency

66

## 958-605

---

- Barriers
  - Eligibility
    - Declining payrolls
    - Qualifying expenses (payroll costs)
- Presentation
  - Refundable Advance (current liability)
  - NFP – Contribution Income
  - For Profit – Other Income

67

## IAS 20

---

- Government assistance is not recognized until there is reasonable assurance (similar to the “probable”) that
  - Any conditions attached to the assistance will be met and
  - The assistance will be received
- Recognition
  - Recorded on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate
    - Income or reduction of expense

68

## Common Question

---

- Accounting Policy
  - Does ERC and PPP have to be same treatment?
    - Likely not as PPP could have been a loan

69

Goodwill



70

## ASU 2021-03

---

### Accounting Alternative for Evaluating Triggering Events

- Issued: March 2021

#### Background:

- AICPA Technical Issues Committee liaison meeting
  - COVID-19

71

## Background

---

- An entity is required to monitor and evaluate goodwill impairment triggering events **throughout the reporting period**
  - If an event has occurred or circumstances have changed that would **more likely than not** reduce the fair value of a reporting unit (or entity) below its carrying amount
- Then the entity must test goodwill for impairment
  - Without the use of hindsight or **known changes** to facts and circumstances after the triggering event date

72

## Who is Impacted?

---

- Private companies and not-for-profit entities

73

## Accounting Alternative

---

- Can now perform the goodwill impairment triggering event evaluation as of the end of the reporting period, whether the reporting period is an interim or annual period
- Not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired

74

## Effective Date

---

- For fiscal years beginning after December 15, 2019
  - Prospective treatment
  - Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance as of March 30, 2021
  - An entity should not retroactively adopt the amendments in this Update for interim financial statements already issued in the year of adoption

75

## Opt In

---

- Includes an unconditional one-time option for entities to adopt the alternative prospectively after its effective date without assessing preferability

76

# GASB Update



77

# GASB 87: Leases



78

## GASB 87 Background

---

### Statement 87: Leases

- Issued: June 2017

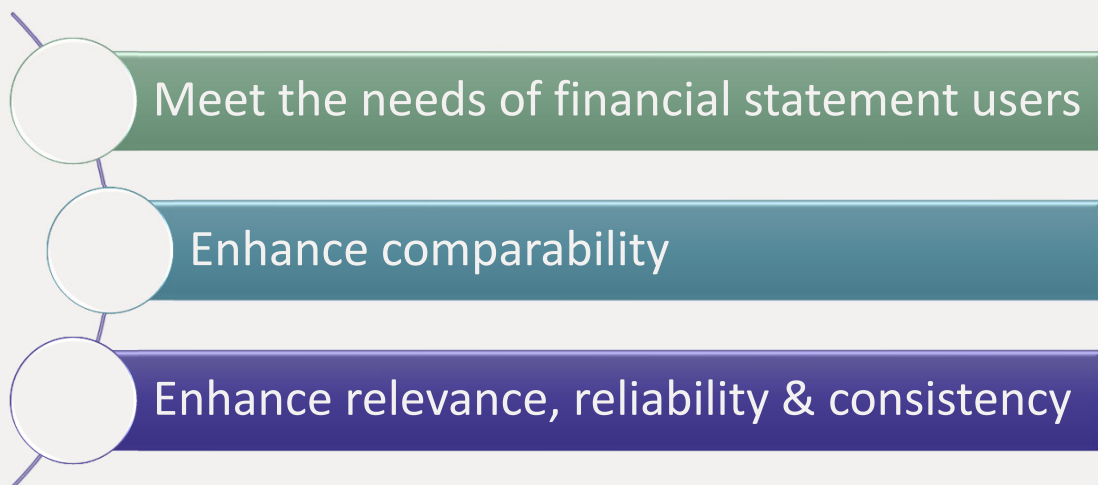
### Background:

- FASB & IASB issued final standards regarding leases

79

## Objective

---



80



## Definition

### Lease

- A lease is a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction
- Substance over form: Includes contracts that are not identified as a lease that meet the definition of a lease

81

## Control

Has BOTH:

The right to obtain the present service capacity from use of the underlying asset as specified in the contract

The right to determine the nature and manner of use of the underlying asset as specified in the contract

82

## Nonfinancial Asset

---

- Use Statement 72, Fair Value
  - Examples include land, buildings, vehicles and equipment

## Not in Scope

---

- Service Contracts
  - Unless it contains both a lease and a service component
- Intangibles (incl. rights to explore natural resources)
- Biological Assets (incl. timber, living animals)
- Inventory
- Service Concession Arrangements (Statement 60)
- Leases Financed with Outstanding Conduit Debt (unless both asset and debt are reported by lessor)
- Supply Contracts (power purchase agreements)

## Lease Term

---

- Noncancelable period PLUS:
  - Periods covered by a lessee's option to extend if it is reasonably certain that lessee will exercise option
  - Periods covered by a lessee's option to termination if it is reasonably certain that the lessee will NOT exercise the option
  - Period covered by lessor's option to extend if it reasonably certain to exercise the option
  - Period covered by lessor's option to terminate if it is reasonably certain that the lessor will NOT exercise that option

85

## Reasonably Certain

---

- Assess all factors – Contract based, asset based, market based or government specific
  - Economic incentives (favorable terms compared to market)
  - Economic disincentive (costs to terminate, relocation costs, abandonment of leasehold improvements)
  - History of exercising options
  - Extent to which asset is essential to the provision of government services

86

## Fiscal Funding

---

- Fiscal funding or cancellation clause allows governmental lessees to cancel a lease if it does not have appropriate funds
  - Only consider in term if it is reasonably certain it will be exercised

87

## Short Term Leases

---

- A lease (at commencement) has a maximum possible term under the lease of 12 months or less INCLUDING options to extend (regardless of their probability of being exercised)
- For a rolling month-to-month lease (or year to year) the maximum possible term is the noncancelable period (including notice periods)

88

## Short Term - Lessee

---

- Recognize outflow of resources based on payment provisions
  - Asset or liability if payments made in advance or subsequent to reporting period
  - No outflow during rent holiday period

## Short Term - Lessors

---

- Lease payment receipts – inflows of resources
  - Liability if received in advanced or asset if received subsequent reporting period
  - No inflow during rent holidays

## Contract that Transfers Ownership

---

- A contract that:
  - Transfers ownership of the underlying asset to the lessee by the end of the contract
  - Does not contain a termination option
- Should be reported as a financed purchase of the underlying asset by the lessee or sale of the asset by the lessor

## Multiple Components

---

- Contract may contain multiple components
  - Both a lease component and a non-lease component
  - Or multiple underlying assets

## Lease & Non-Lease Components

---

- General Rule: Account for the lease and non-lease components as separate contracts

93

## Multiple Underlying Assets

---

- If multiple underlying assets and the assets have different lease terms, account for each underlying asset as a separate lease component
- Account for each underlying asset as a separate lease component if the underlying assets are in different major classes of assets for disclosure purposes

94

## Allocation for Multiple Components

---

- Use any prices for individual components that are included in the contract
  - Exception: Unless appears to be unreasonable (based on the terms of the contract and professional judgment)
  - Maximizing the use of observable information (stand alone price)

## Exception – Price Allocation

---

- Exception: If a contract does not include prices for individual components, or if any of those prices appear to be unreasonable
  - Use professional judgment to determine their best estimate
  - Maximizing the use of observable information



## Discounts

---

- Bundle discounts
  - Discounts may be taken into account

97

## Exception – Multiple Components

---

- If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, account for those components as a single lease unit
  - Accounting for that unit should be based on the primary lease component within that unit

98

## Intra-Entity

---

- When the lessee or lessor is included as a blended component unit of the primary government, Statement 87 doesn't apply
  - The debt and assets of the lessor should be reported as if they were the primary government's debt and assets
  - The debt service activity of the lessor would be reported as a debt service activity of the reporting entity

## Intra-Entity Cont'd

---

- For leases with or between blended component units eliminations should be made before the FS of the blended component units are aggregated with those of the primary government
  - The remaining cash payments between component units should be reported as inflows of resources and outflows of resources

## Intra-Entity Cont'd

---

- Lease arrangements between the primary government and discretely presented component units (or between discretely presented component units) should be treated consistently with Statement 87
  - Related receivables and payables should not be combined with other amounts due to or due from discretely presented component units or with lease receivables and payables with organizations outside the reporting entity

## Related Parties

---

- In the separate FS of the related parties, the classification and accounting should be the same as for similar leases between unrelated parties
  - Exception: When it is clear that the terms of the transaction have been significantly affected by the fact that the lessee and lessor are related
    - Classification and accounting should be modified as necessary to recognize the substance of the transaction rather than merely its legal form

## Related Parties Cont'd

---

- The nature and extent of leasing transactions with related parties should be disclosed

103

## Related Parties Cont'd

---

- In financial statements for which an interest in an investee is accounted for using the equity method, any inflow of resources or outflow of resources should be accounted for in accordance with Statements 62 and 72

104

# Lessee Accounting

105

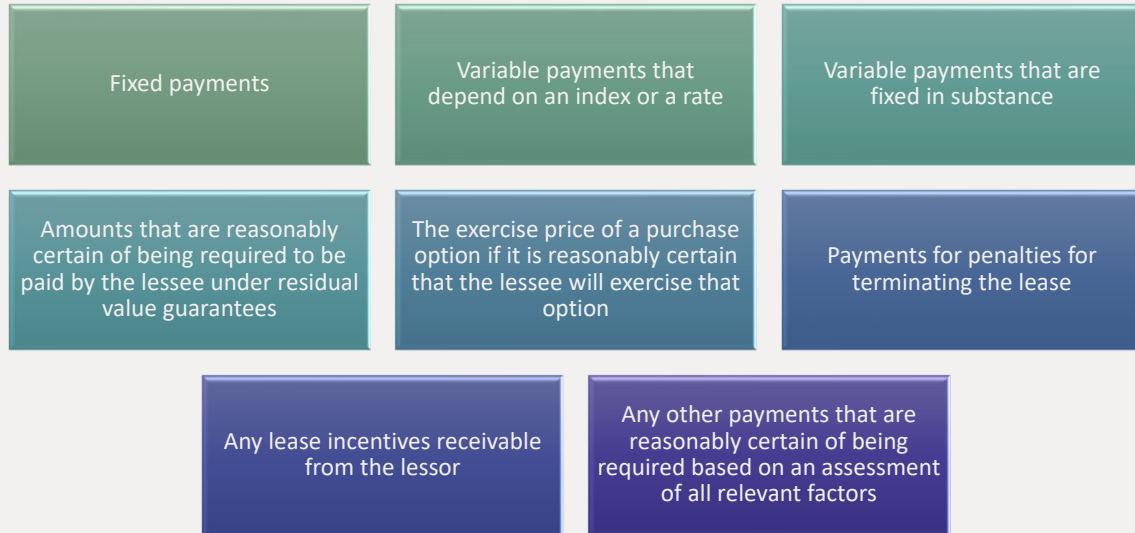
## Lessee Accounting

---

- At commencement recognize:
  - Lease liability
  - Intangible right to use asset

106

## Lease Liability



107

## Do Not Include

- Variable payments based on future performance of the lessee or usage of the underlying asset
  - Expense in period incurred

108

## Discount Rate

---

- Use rate charged by lessor (may be implicit in the lease)
- If can not be readily determined use estimated incremental borrowing rate

109

## Subsequent Measurement

---

- Amortization of discount on lease liability
  - Interest expense
  - Payments should first be allocated to accrued interest and then lease liability

110

## Lease Asset

---

- Sum of:
  - Initial lease liability
  - Payments made to lessor at or before commencement (less any incentives)
  - Initial direct costs that are ancillary charges necessary to place the lease asset into service
    - Any initial direct costs that would be considered debt issuance costs should be expensed in period incurred

111

## Subsequent Analysis

---

- Amortized in systematic and rational manner over SHORTER of:
  - Lease term
  - Useful life
- Exception
  - Purchase option reasonable certain of being exercised then use useful life

112



## Impairment

---

- Presence of impairment indicators (Statement 42) may result in a change to manner or duration of use of ROA Asset

113

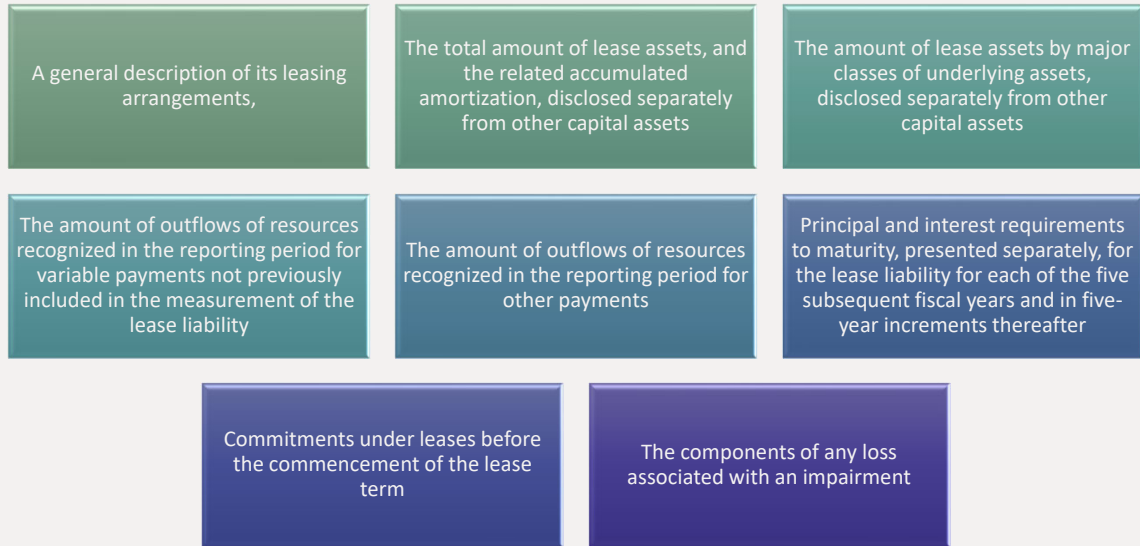
## Current Financial Resources Measurement Focus

---

- Follow fund accounting
  - An expenditure and other financing source should be reported initially
  - Lease payments should be consistent with debt service payments on long term debt

114

# Disclosures



115

# Lessor Accounting

116

## Lessor Accounting

---

- Recognize:
  - Lease receivable
  - Deferred inflow of resources
- Initial direct costs are outflows of resources

117

## Scope

---

- If asset is an investment under Statement 72
  - Measurement doesn't apply
  - Some disclosures do
- Certain regulated leases (DOT, FAA)
  - Recognition and measurement follow provisions of lease contract
  - Special disclosures do

118

## Regulated Lease Disclosures

A general description of its agreements	The extent to which capital assets are subject to preferential or exclusive use by counterparties under agreements, by major class of assets and by major counterparty	The total amount of inflows of resources recognized in the reporting period from these agreements*
A schedule of expected future minimum payments under these agreements for each of the subsequent five years and in five-year increments thereafter	The amount of inflows of resources recognized in the reporting period for variable payments not included in expected future minimum payments	The existence, terms, and conditions of options by the lessee to terminate the lease or abate lease payments if the lessor government has issued debt for which the principal and interest payments are secured by the lease payments

119

## Regulated Lease

- External laws, regulations, or legal rulings establish **ALL** of the following:
  - Lease rates cannot exceed a reasonable amount (external regulator)
  - Lease rates should be similar for lessees that are similarly situated
  - Lessor cannot deny potential lessees the right to enter into leases if facilities are available, provided that the lessee's use of the facilities complies with generally applicable use restrictions

120

## Lease Receivable

---

- Present value of lease payments expected to be received during the lease term, reduced by provisions for estimated uncollectible amounts
  - Fixed payments
  - Variable payments that depend on index or rate
  - Variable payments are in substance fixed
  - Residual value guarantees that are in substance fixed
  - Lease incentives payable to lessee

121

## Do Not Include

---

- Variable payments based on future performance of the lessee or usage of the underlying asset
  - Inflows (revenue) in period to which they relate

122

## Contingencies

---

- Amounts receivable under a residual value guarantee (that are NOT fixed) are recognized into the lease receivable if:
  - A guarantee payment is required
  - The amount can be reasonably estimated

123

## Subsequent Measurement

---

- Amortize discount on lease receivable
  - Inflow of resource
  - Allocate payment first to accrued interest receivable then lease receivable

124

## Deferred Inflow of Resources

---

- Initially measured as:
  - Initial amount of lease receivable
  - Lease payments received at or before commencement
  - Less any incentives

125

## Subsequent Measurement Cont'd

---

- Recognize an inflow (revenue) in a systematic and rational manner over the lease term

126

## Underlying Asset

---

- Do not derecognize the asset
  - Continue to depreciate and impair
    - Exception: If contract requires lessee to return the asset in original or enhanced condition

127

## Current Financial Resources Measurement Focus

---

- Recognize
  - Lease receivable
  - Deferred inflow

128



## Disclosures

A general description of its leasing arrangements

The total amount of inflows of resources recognized in the reporting period from leases, if that amount cannot be determined based on the amounts displayed on the face of the FS

The amount of inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of the lease receivable

The existence, terms, and conditions of options by the lessee to terminate the lease or abate payments if the lessor government has issued debt for which the principal and interest payments are secured by the lease payments

129

## Disclosures Cont'd

- If a lessor's principle ongoing operations consist of leasing assets to other entities, disclose a schedule of future payments that are included in lease receivable, showing interest and principal separately, for each of the five subsequent fiscal years and in five-year increments thereafter

130

# Transition

131

## Effective Date

---

- Fiscal years beginning after June 15, 2021, and all reporting periods thereafter
  - As amended by GASB 95 which delayed the standard by 18 months
    - Early application is encouraged

132

## Transition

---

- Applied retroactively by restating financial statements, if practicable, for all prior periods presented

133

## Transition Cont'd

---

- If restatement for prior periods is not practicable, the cumulative effect, if any, should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated
- In adoption period, the notes should disclose the nature of the restatement and its effect
  - The reason for not restating prior periods presented should be disclosed

134

## Transition Cont'd

---

- Leases should be recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation
- If applied to earlier periods, leases should be recognized and measured using the facts and circumstances that existed at the beginning of the earliest period restated

135

GASB 89



136

## GASB 89

---

### **Accounting for Interest Cost Incurred before the End of a Construction Period**

- Issued: June 2018

#### Objective:

- Simplify the accounting for interest cost

## Background

---

- Previously was accounted for under Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

## Main Provisions

---

- Interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred
  - Economic resources measurement focus
- Not included in the historical cost of a capital asset reported in a business-type activity or enterprise fund

## Main Provisions Cont'd

---

- Reiterates that in FS prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles

## Effective Date (as amended)

---

- Effective for reporting periods beginning after December 15, 2020
  - Earlier application is encouraged
- Applied prospectively

141

GASB 91



142

# GASB 91

---

## Conduit Debt Obligations

- Issued: May 2019

### Background:

- Uncertainty as to whether a given financing is a conduit debt obligation

# Definition

---

## Conduit Debt Obligation

- A conduit debt obligation is defined as a debt instrument having all of the following characteristics:
  - There are at least three parties involved: an issuer, a third-party obligor, and a debt holder or a debt trustee
  - The issuer and the third-party obligor are not within the same financial reporting entity
  - The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer
  - The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance
  - The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments)



## Liability Recognition

---

- An issuer should NOT recognize a conduit debt obligation as a liability

145

## Examples of Additional Commitments

---

Extending a moral obligation pledge

Extending an appropriation pledge

Extending a financial guarantee

Pledging its own property, revenue, or other assets as security

146

## Voluntary Commitment

---

- Under a voluntary commitment, an issuer does not make an additional commitment but on a voluntary basis decides to make a debt service payment or request an appropriation for a debt service payment in the event that the third party is, or will be, unable to do so

147

## Additional Commitments

---

- An issuer should recognize a liability associated with an additional commitment to support debt service payments and an expense in if qualitative factors indicate that it is **more likely than not** that the issuer will support one or more debt service payments for a conduit debt obligation
  - Measured as the discounted present value of the best estimate of the future outflows expected to be incurred
  - If no best estimate, minimum amount in a range

148

## Qualitative Factors to Consider

---

- A third-party obligor initiating the process of entering into bankruptcy or financial reorganization
- A third-party obligor breaching a debt contract in relation to the conduit debt obligation, such as failure to meet rate covenants, failure to meet debt service coverage ratios, or default or delinquency in debt payments
- A third-party obligor experiencing significant financial difficulty
  - Failure to make payments to paying agents or trustees on a timely basis
  - Drawing on a reserve fund to make debt service payments
  - Initiation of a process to intercept receipts to make debt service payments
  - Debt holder concessions
  - Significant investment losses
  - Loss of a major revenue source
  - Significant increase in noncapital disbursements in relation to operating or current revenues
  - Or commencement of financial supervision by another government, if the third-party obligor is a government

149

## Qualitative Factors To Consider Cont'd

---

- Termination of the project that was to be the source of funding for debt service payments
- Litigation that would negatively affect the project
- The issuer's concern that its access to capital markets could be affected by a third-party obligor's default on an outstanding conduit debt obligation
- The issuer's history of fulfilling its additional commitments to support debt service payments for other conduit debt obligations, including voluntarily supporting debt service payments
- The issuer's ability/willingness to support debt service payments

150

## “Leases”

---

- An issuer of conduit debt obligations may enter into arrangements—often characterized as leases - that have all of the following attributes:
  - The construction or acquisition of the capital asset is financed with the proceeds from the conduit debt obligation
  - The issuer retains the title to the capital asset from the beginning of the arrangement
  - The payments from the third-party obligor are to cover the debt service payments
  - The payment schedule of the arrangement coincides with the debt service repayment schedule

151

## Option 1

---

- The issuer relinquishes the title to the capital asset at the end of the arrangement, at which time the conduit debt obligation generally has been paid off
  - The issuer should not recognize:
    - A liability for the conduit debt obligation
    - The capital asset, or
    - A receivable for the payments related to the arrangement

152

## Option 2

---

- The issuer does not relinquish the title to the capital asset. The third-party obligor has exclusive use of the entire capital asset until the end of the arrangement.
  - The issuer should not recognize a liability for the conduit debt obligation, the capital asset, or a receivable for the payments related to the arrangement
  - When the arrangement ends, the issuer should recognize the capital asset at acquisition value and an inflow of resources

## Option 3

---

- The issuer does not relinquish the title to the capital asset. The third-party obligor has exclusive use of only portions of the capital asset until the end of the arrangement
  - Recognize the entire capital asset (rather than only the portions of the asset for which the third-party obligor has nonexclusive use) at acquisition value
  - The issuer should not recognize either a liability for the conduit debt obligation or a receivable for the payments related to the arrangement
  - When the issuer recognizes the capital asset, the issuer also should recognize a deferred inflow of resources for the same amount
    - The deferred inflow of resources should be reduced, and an inflow of resources should be recognized in a systematic and rational manner over the term of the arrangement

## Effective Date (as amended)

---

- For reporting periods beginning after December 15, 2021
  - Earlier application is encouraged

155

GASB 92



156

## GASB 92

---

### Omnibus 2020

- Issued: February 2020

#### Background:

- Addresses practice issues that have been identified during implementation and application of certain GASB Statements

## Change in Effective Dates for Leases

---

- GASB 87 is effective for fiscal years beginning after December 15, 2019, and all reporting periods thereafter
  - Earlier application is encouraged
- IG 2019-3 is effective for fiscal years beginning after December 15, 2019, and all reporting periods thereafter
  - Earlier application is encouraged if Statement 87 has been implemented

## Intra-Entity Transfers

- When transferring capital or financial assets between a governmental employer or nonemployer contributing entity and a defined benefit pension plan or a defined benefit OPEB plan that are within the same financial reporting entity, any difference between the amount paid by the pension plan or OPEB plan (exclusive of amounts that may be refundable) and the carrying value of the assets transferred should be reported as follows:

As an employer contribution or a nonemployer contributing entity contribution to the pension plan or OPEB plan in the separately issued statements of the employer or nonemployer contributing entity and in the financial statements of the reporting entity

GASB 68, 75

As an employer contribution or a nonemployer contributing entity contribution in the standalone statements of the pension plan or OPEB plan and in the financial statements of the reporting entity

GASB 67, 74

159

## 84 vs. 73/74

- Paragraph 116 of GASB 73 or paragraph 59 of Statement 74 should be applied to circumstances in which GASB 84 requires the reporting of assets that are accumulated for purposes of providing pensions or OPEB through defined benefit pension plans or defined benefit OPEB plans that are not administered through trusts

160



## Applicability of GASB 84

---

- A government that reports a fiduciary activity for assets that are accumulated for purposes of providing pensions or OPEB through defined benefit pension plans or defined benefit OPEB plans that are not administered through trusts should apply the requirements in paragraph 21 of Statement 84 with regard to recognition of a liability to the beneficiary (employer)

## Applicability of GASB 84 Cont'd

---

- If reported as a fiduciary activity, a defined contribution pension plan or a defined contribution OPEB plan should apply the financial statement presentation requirements in GASB 84
  - GASB 67 and 74 only provide note disclosure requirements

## Acquisition Accounting & AROs

---

- Updates GASB 69 to require that the acquiring government to measure liabilities (and assets) related to the acquired entity's AROs under GASB 83 instead of acquisition value per GASB 69

## Reinsurance Recoverables

---

- Amounts that are recoverable from reinsurers or excess insurers and relate to paid claims and claim adjustment expenses **may** be reported as reductions of expenses but are **not required** to be for risk financing and insurance-related activities of public entity risk pools

## Typos!

---

- An example of nonrecurring fair value measurements of assets or liabilities is presented in paragraph 455 of GASB 62
  - Prior guidance indicated 453

165

## Terminology

---

- The terms derivative and derivatives should be replaced with derivative instrument and derivative instruments, respectively
  - Consistent with definition in GASB 53

166

## Effective Dates (as amended)

---

- GASB 87 and IG 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance
- Intra-entity transfers of assets and those related to the applicability of GASB 73 and 74 are effective for fiscal years beginning after June 15, 2021
- Application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021
- Measurement of liabilities associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021

167

GASB 93



168

## GASB 93

---

### Replacement of Interbank Offered Rates

- Issued: April 2020 (approved by board March)

#### Objective:

- Address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information

## Background

---

GASB 53

- Change in rate requires termination of hedge

GASB 87

- Change in rate requires revaluation

## Exception to Hedge Termination

---

- Hedge accounting should continue to be applied to a hedging derivative instrument that is effective as of the end of the reporting period when the reference rate of the original hedging derivative instrument's variable payment is an IBOR, or an IBOR multiplied by a coefficient or adjusted by addition or subtraction of a constant, if **all of the following** criteria are met:
  - a) The hedging derivative instrument is amended or replaced to change the reference rate of the hedging derivative instrument's variable payment or to add or change fallback provisions related to the reference rate of the variable payment

## Exception to Hedge Termination Cont'd

---

- b) The reference rate of the amended or replacement hedging derivative instrument's variable payment essentially equates the reference rate of the original hedging derivative instrument's variable payment by one or both of the following methods:
  - The replacement rate is multiplied by a coefficient or adjusted by addition or subtraction of a constant; the amount of the coefficient or constant is limited to what is necessary to essentially equate the replacement rate and the original rate
  - An up-front payment is made between the parties; the amount of the payment is limited to what is necessary to essentially equate the replacement rate and the original rate

## Exception to Hedge Termination Cont'd

---

- c) If the replacement of the reference rate is effectuated by ending the original hedging derivative instrument and entering into a replacement hedging derivative instrument, those transactions occur on the same date
- d) Other terms that affect changes in fair values and cash flows in the original and amended or replacement hedging derivative instruments are identical, except for the term changes, that may be necessary for the replacement of the reference rate

173

## Modification of Term

---

- Term changes necessary for the replacement of the reference rate are limited to:
  - The frequency with which the rate of the variable payment resets
  - The dates on which the rate resets
  - The methodology for resetting the rate
  - The dates on which periodic payments are made

174

## SOFR

- A hedging derivative instrument may be amended or replaced to change the reference rate of the variable payment from an IBOR to a SOFR in two steps:
  1. By amending or replacing a hedging derivative instrument to change an IBOR to a new rate other than a SOFR; and
  2. Subsequently amending or replacing the amended or replacement hedging derivative instrument to change that new rate to a SOFR
- In the second step of such a transition, hedge accounting should continue to be applied to a hedging derivative instrument that is effective as of the end of the reporting period when all of the following criteria are met:
  - The reference rate of the original hedging derivative instrument's variable payment replaced an IBOR, or an IBOR multiplied by a coefficient or adjusted by addition or subtraction of a constant, in the previous amendment or replacement.
  - The reference rate of the amended or replacement hedging derivative instrument's variable payment is a SOFR, or a SOFR multiplied by a coefficient or adjusted by addition or subtraction of a constant.
  - Meets hedge accounting exceptions in prior slide.

175

## Termination Exception

---

- An amendment of a hedged item to replace the reference rate with another reference rate (that is adjusted, as necessary, to essentially equate the replacement rate and the original rate) by either changing the reference rate or adding or changing fallback provisions related to the reference rate, is not a termination event

176



## Appropriate Benchmark Interest Rates

- Appropriate benchmark interest rates for a derivative instrument that hedges the interest rate risk of taxable debt are an interest rate on direct Treasury obligations of the U.S. government, the Effective Federal Funds Rate (EFFR), and a SOFR
- LIBOR is not an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt

177

### Reference Rate – OLD Definition

- The rate to which a derivative instrument's variable payment is linked. Common reference rates are LIBOR, the SIFMA swap index, the AAA general obligations index, and the pricing point of a commodity. For example, a commodity swap's variable payment may be linked to the price of No. 2 heating oil at the New York harbor pricing point. Other literature may refer to a reference rate as a reference index.

### Reference Rate – NEW Definition

- A specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, or other variable (including the occurrence or nonoccurrence of a specified event such as a scheduled payment under a contract). A reference rate may be a price or rate of an asset or a liability but is not the asset or liability itself. A reference rate is a variable that, along with either a notional amount or a payment provision, determines the settlement of a derivative instrument. Other accounting literature may refer to a reference rate as a reference index or an underlying.

178

## Leases

---

- An amendment of the contract solely to replace the IBOR with another rate (that is adjusted, if necessary, to essentially equate the replacement rate and the original rate) by either changing the rate or adding or changing fallback provisions related to the rate, is not a lease modification

## Effective Date (as amended)

---

- Removal of LIBOR as an appropriate benchmark interest rate:
  - Reporting periods ending after December 15, 2021
- The modification for leases:
  - For fiscal years periods beginning after June 15, 2021
- All other requirements:
  - Reporting periods beginning after June 15, 2020
- Earlier application encouraged

## Transition

---

- Changes adopted to conform should be applied retroactively by restating financial statements, if practicable, for all prior periods presented
  - If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund net position) for the earliest period restated
- In the first period that this Statement is applied, the notes to financial statements should disclose the nature of the restatement and its effect
  - The reason for not restating prior periods should be disclosed

181

GASB 97



182

## GASB 97

---

### **Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans**

- Issued: June 2020

#### Background:

- Stakeholders had concerns about cost and complexity

## Background

---

- GASB 14 provides guidance on the identification of component units
- GASB 84 provides guidance on the identification of fiduciary component units and fiduciary activities
- GASB 84 amended the requirements in GASB 14 regarding financial benefit or burden by adding a criterion to indicate that a primary government is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to a pension plan or an OPEB plan that is administered through a trust

## Background Cont'd

---

- IG 2019-2 address a specific situation in which some defined contribution pension plans and defined contribution OPEB plans
  - That are administered through a trust
  - That do not have a governing board
  - In which the employer is legally required to make contributions to the plan
- Would be reported as fiduciary component units by the sponsoring government

## Stakeholder Feedback

---

- Stakeholders expressed concerns related to the perceived costs, including audit costs, associated with reporting certain defined contribution pension plans and certain other employee benefit plans as fiduciary component units

## Research

---

- Based on the expected benefit and perceived cost information, GASB added a project to its technical agenda to consider:
  - How the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units
  - The applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans

187

## Component Units

---

- Requires that for purposes of determining whether a primary government is **financially accountable** for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically performs

188

## Exception

---

- Exception: A potential component unit that is:
  - A DC pension plan
  - A DC OPEB plan
  - An other EBP
    - i.e. a Section 457 plan to which only employees contribute

## Financial Burden

---

- Requires that the financial burden criterion in GASB 84 be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts

## 457 Plan

---

- A Section 457 plan should be classified as either a pension plan or an other employee benefit plan, as follows:
  - A Section 457 plan that meets the definition of a pension plan in paragraph 51 of GASB 67 or paragraph 128 of GASB 73, is a pension plan for accounting and financial reporting purposes
  - A Section 457 plan that does not meet the definition of a pension plan is an other employee benefit plan for accounting and financial reporting purposes
- GASB 84 should be applied to determine whether an arrangement organized under IRC Section 457 should be reported as a fiduciary activity in a government's fiduciary fund financial statements

## 457 Plan Cont'd

---

- If a Section 457 plan that meets the definition of a pension plan is included in the financial statements of another government or issues standalone financial statements, all accounting and financial reporting requirements that are relevant to pension plans should be applied



## 457 Plan Cont'd

---

- Supersedes the remaining provisions of GASB 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans regarding investment valuation requirements for Section 457 plans
  - Requires investments to be measured as of the end of the plan's reporting period in all circumstances

## Effective Date

---

- Effective as follows:
  - Exclusion for defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and governing board criteria was effective immediately
  - 457 Plan Accounting is effective for fiscal years beginning after June 15, 2021
  - All other requirements are effective for reporting periods beginning after June 15, 2021

# GASB 98



195

## GASB 98

---

### **The Annual Comprehensive Financial Report**

- Issued: October 2021

#### Background:

- Concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur

196

## ACFR

---

- Establishes the term annual comprehensive financial report and its acronym ACFR
  - Replaces instances of comprehensive annual financial report and its acronym in GAAP for state and local governments

197

## Effective Date

---

- Effective for fiscal years ending after December 15, 2021
  - Earlier application would be encouraged

198

# Yellow Book Reporting



199

## New Reports

---

### **Updated GAGAS Reports**

#### Background:

- SAS 134 – 140
- A&A Guide Updated with minor edits

200

# Headings

---

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether [Entity Name]'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant

## **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered [Entity Name]'s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of

201

# Verbiage

---

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that ~~have~~ were not ~~been~~ identified.

202

ARPA



203

## Background

---

- American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021
  - \$1.9 trillion package

204

## New Assistance Listing Programs

---

- 10.136\* Department of Agriculture (USDA) Socially Disadvantaged Farmers, Ranchers, Land Owners and Operators and Groups
- TBD\* Department of Agriculture (USDA) Local Food Purchase Assistance Cooperative Agreement Program (LFPA)

## New Assistance Listing Programs Cont'd

---

- 84.324X\* Department of Education Research to Accelerate Pandemic Recovery in Special Education
- 84.425X\* Department of Education Education Stabilization Fund Outlying Areas-American Rescue Plan-Outlying Areas State Educational Agencies (ARP-OA SEA)
- 84.425W\* Department of Education American Rescue Plan Elementary and Secondary Schools Emergency Relief Fund – Homeless Children and Youth (ARP-HCY) Homeless awards
- 84.425U\* Department of Education American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP-ESSER)

## New Assistance Listing Programs Cont'd

---

- TBD\* Department of Interior No Name Determined: Funding is for wildlife health/zoonotic disease prevention
- TBD\* Department of Interior Program is in the development stage
- 20.114\* Department of Transportation (DOT) Aviation Manufacturing Jobs Protection (AMJP) Program

207

## New Assistance Listing Programs Cont'd

---

- 21.026\* Department of the Treasury (TREAS) Homeowner Assistance Fund
- 21.027\* Department of the Treasury (TREAS) Coronavirus State and Local Fiscal Recovery Fund
- 21.029\* Department of the Treasury (TREAS) Coronavirus Capital Projects Fund Program
- TBD\* Department of the Treasury (TREAS) Local Assistance and Tribal Consistency Fund

208



## New Assistance Listing Programs Cont'd

---

- 64.130\* Department of Veteran Affairs Veteran Rapid Retraining Assistance Program
- 32.009\* Federal Communications Commission (FCC) Emergency Connectivity Fund Program (ECF Program)
- 59.077\* Small Business Administration Community Navigators Pilot Program
- 59.078\* Small Business Administration Restaurant Revitalization Fund



209

209

## Additional Funding

---

- 93.558 Department of Health and Human Services (HHS) Temporary Assistance for Needy Families
- 93.600 Department of Health and Human Services (HHS) Head Start
- 93.767 Department of Health and Human Services (HHS) Children's Health Insurance Program
- 20.106 Department of Transportation (DOT) Airport Improvement Programs
- 21.023 Department of the Treasury (TREAS) Emergency Rental Assistance Program
- 45.024 National Endowment for the Arts Promotion of the Arts Grants to Organizations and Individuals
- 45.025 National Endowment for the Arts Promotion of the Arts Partnership Agreements
- 59.072 Small Business Administration Economic Injury Disaster Loan Emergency Advance
- 59.073 Small Business Administration Paycheck Protection Program
- 59.075 Small Business Administration Shuttered Venue Operators Grant Program

210

CSLRFR



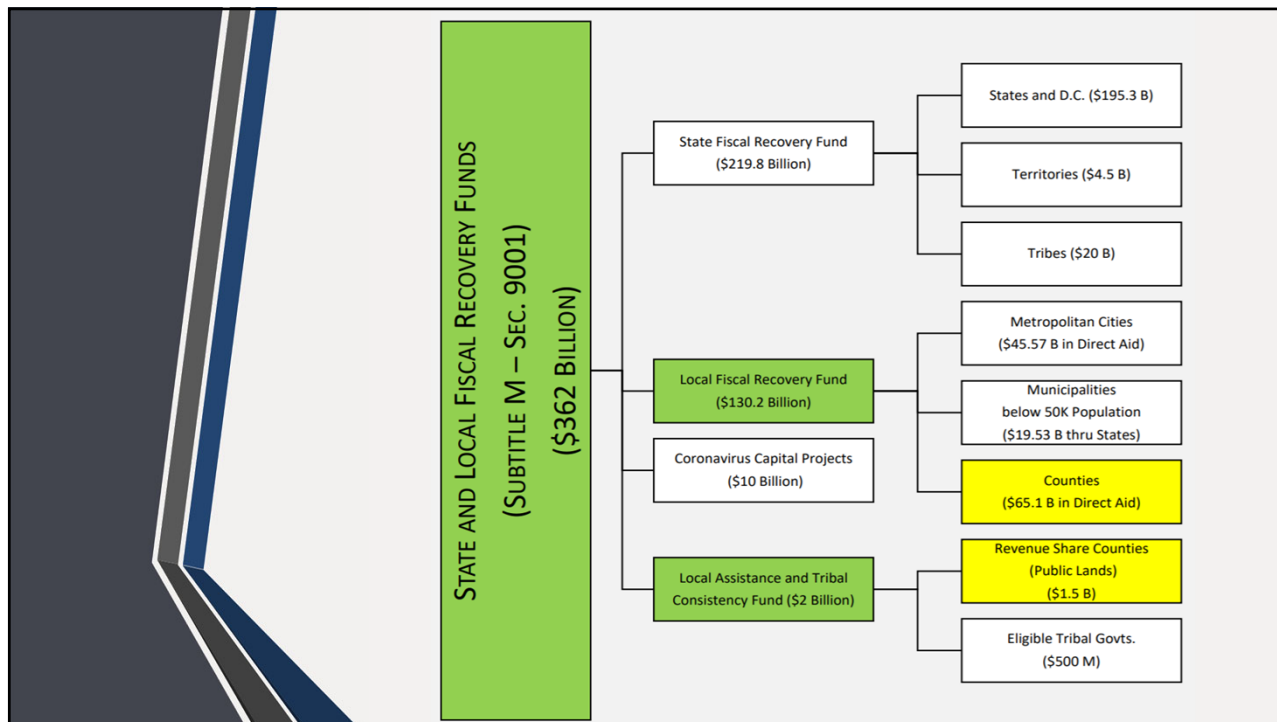
211

## Governments

---

- Coronavirus State and Local Fiscal Recovery Fund
  - \$362 billion in federal fiscal recovery aid for state and local governments
    - \$65.1 billion is provided in direct aid to counties
    - \$1.5 billion for public land counties

212



213

## Key Dates

- **MAY 17, 2021:** Interim Final Rule Issued
- **AUGUST 31, 2021:** Deadline for counties to submit first Interim Report to U.S. Treasury
- **JANUARY 6, 2022:** CSLFRF Final Rule Issued
- **JANUARY 31, 2022:** Deadline for counties to submit first Quarterly Project and Expenditure Report
- **APRIL 1, 2022:** CSLFRF Final Rule Effective
- **DECEMBER 31, 2024:** Funds must be incurred and obligated
- **DECEMBER 31, 2026:** Funds must be expended to cover obligations and all work must be completed

214

## Types of Programs Covered

---

- Expenses related to COVID-19 vaccination programs and sites
- Costs of providing COVID-19 testing and monitoring, contact tracing, and monitoring of case trends and genomic sequencing for variants
- Assistance to unemployed workers, including services like job training to accelerate rehiring of unemployed workers
- Assistance to households or populations facing negative economic impacts, including food assistance; rent, mortgage or utility assistance; counseling and legal aid to prevent eviction or homelessness; internet access or digital literacy assistance
- Assistance to small businesses facing negative economic impacts, including to address financial hardship; implement COVID-19 prevention or mitigation tactics; or provide technical assistance, counseling or other services to assist with business planning needs
- For state, local or tribal governments, payroll and covered benefit expenses for public safety, public health, health care, human services and similar employees responding to the COVID-19 public health emergency

215

## Final Rule

---

- Takes effect on April 1, 2022
  - Interim final rule still in effect
- Can choose to take advantage of the final rule's flexibilities and simplifications now

216

## Changes in Final Rule

Replacing Lost Public Sector Revenue

Public Health & Economic Impacts

Premium Pay

Water, Sewer, & Broadband

217

## Compliance Requirements

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	Y	Y	N	Y	Y	N

218

## Activities Allowed

---

- The following activities are not permitted under the Fund:
  - A recipient may not use funds for deposits into any pension fund
  - A recipient may not use funds to contribute to rainy day funds, financial reserves, or similar funds
  - A State or Territory shall not use funds to either directly or indirectly offset a reduction in the net tax revenue of the State or Territory resulting from a covered change during the covered period

## Allowable Cost

---

- The Fund is considered “other financial assistance” and is administered as direct payments for specified use
  - Does have specialized lost revenue calculations

## Period of Performance

---

- Begins on the date the awards are issued (i.e., the date funds are disbursed to recipients) and ends on December 31, 2026, pursuant to the Financial Assistance Agreement
  - Recipients may only use funds to cover costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024

## Procurement

---

- States
  - Must follow the same policies and procedures it uses for procurements from its non-Federal funds and comply with 200.321, 200.322, and 200.323
  - Must also ensure that every contract includes the applicable contract clauses required by 200.327
- All other entities
  - Must follow the procurement standards in 200.318 through 200.327

## Reporting - Special Reporting

---

Interim Report

Project and  
Expenditure Report

Recovery Plan  
Performance Report

223

## Reporting Cont'd

---

- Non-entitlement units of local government are recipients under the Fund and are required to report their award expenditures on their SEFA and DCF
  - The States that distributed award funds to the NEUs must not report the amounts provided to the NEUs on their SEFA

224



## FFATA

---

- Treasury received approval from the Office of Management and Budget (OMB) to increase the subaward reporting threshold \$30,000 to \$50,000 for the Fund
  - Although FFATA reporting is applicable to CSLFRF, Treasury is making all required FFATA reporting on behalf of recipients

## Subrecipient Monitoring

---

- Subrecipient monitoring is not required for entities deemed to be beneficiaries
- Non-entitlement units of local government are considered by Treasury to be direct recipients (and not subrecipients or beneficiaries), States have no subrecipient monitoring responsibilities related to the funding States were required to distribute to non-entitlement units of local government

## Round Tables



227

## Lease Software & Implementation



228

# Quality Management



229

# SAS 145 – Risk Assessment



230

# Great Resignation & People Management



231

# Finding Efficiency



232

# Forensic engagements for government entities

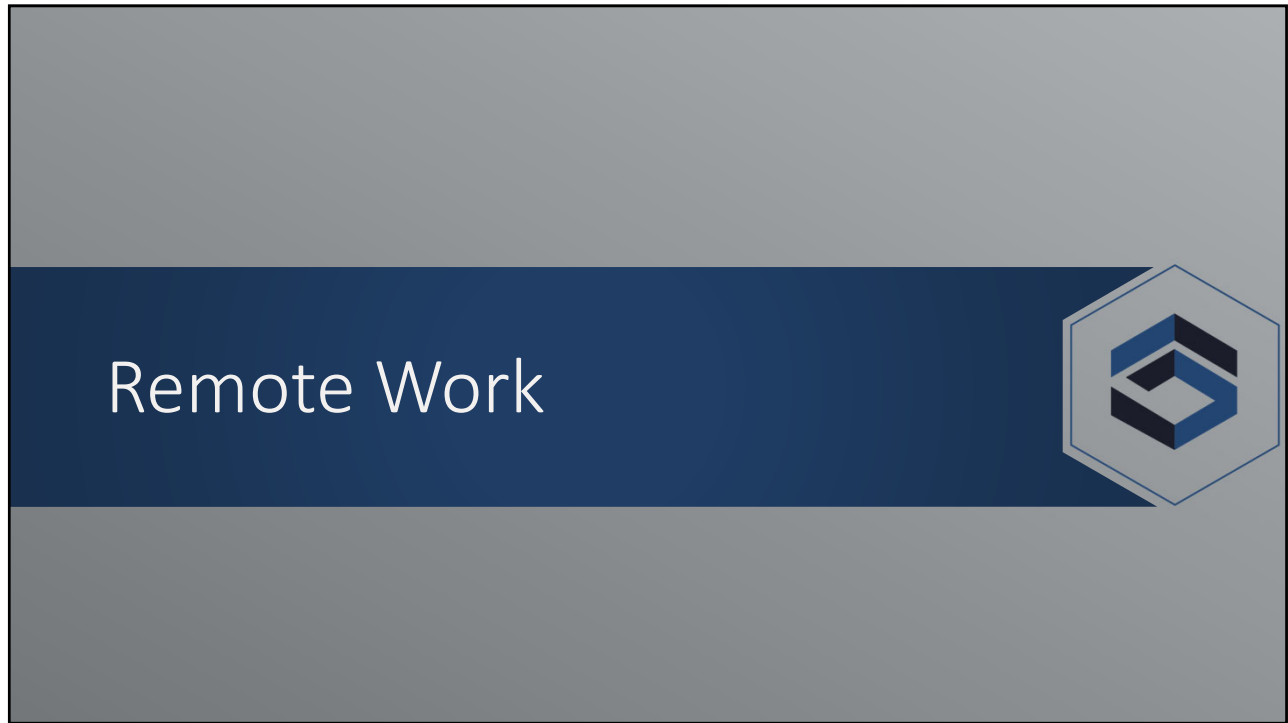


233

# Governmental AUPs



234



235

A presentation slide with a dark blue background featuring a pattern of white hexagons. In the top left corner, there is a logo for "GALASSO LEARNING SOLUTIONS" with a stylized hexagon icon. The main text "What Questions Do You Have?" is centered in white. On the right side, there is a portrait of a woman with brown hair, wearing a dark blue sleeveless top. Below the portrait, her name and title are listed, along with her email and website addresses.

**GALASSO**  
LEARNING SOLUTIONS

# What Questions Do You Have?



Melisa F. Galasso  
Chief Executive

Melisa@galassolearningsolutions.com  
<https://galassolearningsolutions.com>

236