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**GOVERNMENTAL
ROUNDTABLE**

May 12 | Live Virtual Conference | 9 hrs CPE





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May 12 | Live Virtual Conference | 9 hrs CPE

Agenda

7-7:50 a.m. | Optional Bonus Session: Ethics Under Pressure: How Good Professionals Make Bad Decisions

Jeremy Wortman, Ph.D. | HRD Initiatives

Note: Attend this session and receive one (1) additional hour of CPE credit (9 hours total). This session does NOT qualify for Yellow Book credit. It qualifies for behavioral ethics (nontechnical) CPE credit.

7:50-8:05 a.m. | Break

8:05-8:15 a.m. | Welcome messages

*Brad Theisen, CPA | 2025-2026 Committee Chair
Eide Bailly LLP*

8:15-9:20 a.m. | GASB Update

Lisa Parker, CPA, CGMA | GASB

9:20-9:35 a.m. | Break

9:35-10:50 a.m. | Streamlining Processes with AI and RPA

Mac McClelland, J.D. | K2 Enterprises

10:50-11:05 a.m. | Break

11:05 a.m.-12:10 p.m. | Single Audit Update

*Melisa Galasso, CPA, CGMA, CSP, CPTD |
GLS Learning Solutions*

12:10-12:55 p.m. | Lunch break

12:55-2 p.m. | Tax Increment Financing (TIF) in Iowa

John Danos, J.D. | Dorsey & Whitney

2-2:15 p.m. | Break

2:15-3:30 p.m. | Iowa Department of Management Update

Carrie Johnson and Ted Nellesen | Iowa Department of Management

3:30-3:45 p.m. | Break

3:45-4:40 p.m. | Auditor's Office Update and Q&A

*Brian Brustkern, CPA; Pam Bormann, CPA, CGFM |
Office of Iowa Auditor of State*

Thank you!

Special thanks to the 2025-2026 ISCPA Governmental Auditing & Accounting Committee for their help planning this year's conference!

Pam Bormann | Iowa Auditor of State

Lianne Cairy | City of Marion

Kent Farver | Iowa Board of Regents

Rachael Heuert-Nelson | Williams & Company PC

Nicci Lamb | City of Urbandale

Dustin Opatz | Creative Planning LLC

Joe Pena | T P Anderson Company PC

Tim Stiles | City of West Des Moines | **ISCPA Board of Directors Liaison**

Brad Theisen | Eide Bailly LLP | **2025-2026 Committee Chair**

Ni Wagner | Des Moines Airport Authority

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NEW for 2026! **Government Accounting Technology Conference**

August 24 | 9:30 a.m.-5 p.m. CDT | 8 CPE Hours | Live Virtual Conference

Government accounting professionals face unique challenges - transparency requirements, budget constraints, legacy systems, and public scrutiny that demands both accuracy and efficiency. This specialized conference brings a full day of technology updates specifically relevant to those working in local, state, county, and federal agencies. From AI tools that work within government frameworks to modern data analytics for grant tracking and fund accounting, discover the technology that helps you serve your constituents better while navigating the complexities of public sector operations.

Discover practical ways to modernize government workflows, improve interdepartmental collaboration, strengthen security protocols, and make data-driven decisions with limited resources. Whether you're dealing with aging infrastructure, looking to justify tech investments to oversight committees, or trying to do more with less, this conference gives you the tools and strategies to bring your agency's operations into 2026 and position yourself for what's coming next.

Visit www.iacpa.org/govtech for more information.

Upcoming Yellow Book seminars

Preparing and Writing Findings in Yellow Book and Single Audits

August 18 | 7:30-11 a.m. CDT | Virtual seminar

You've Got This: An Introduction to Yellow Book and Single Audits

August 18 | Noon-3:30 p.m. CDT | Virtual seminar

Simply Auditing Not-for-Profits Efficiently

September 22 | Noon-3:30 p.m. CDT | Virtual seminar

Fraud In Single Audits

October 22 | Noon-3:30 p.m. CDT | Virtual seminar

Best Practices in Not-for-Profit Accounting and Reporting

November 24 | 7:30-11 a.m. CDT | Virtual seminar

The Most Critical Challenges in Not-for-Profit Accounting Today

November 24 | Noon-3:30 p.m. CDT | Virtual seminar

Leave your feedback, win a \$50 gift card!

We value your feedback. Please take a few moments to complete the brief evaluation survey to let us know your ratings on the speakers and topics. As a thank you for completing the survey, you will be entered to **win a \$50 gift card**. Look for the survey in your email inbox following the conference.

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What's included:

OCTOBER 2026

Two-Day Leadership Immersion Workshop led by Jon Lokhorst



Jon Lokhorst

NOVEMBER 2026

Leadership progress check-in led by Jon Lokhorst

JANUARY 2027

Iowa CPA Day at the Capitol



FEBRUARY 2027

High School Accounting Showcase: Volunteer experience



MAY 2027

Graduation ceremony and recognition at the ISCPA Leadership Summit





Meet the Speakers

Pam Bormann, CPA, CGFM is a director in the financial audit division for the Iowa Auditor of State. Pam is a graduate of the University of Northern Iowa and has served the office since 1987. Her responsibilities include supervising and reviewing local government audits and City examination engagements and providing technical assistance to local governments and their auditors. Pam has worked on city, county, community school district, community college, university and State agency audits, including the state-wide Single Audit. She is also actively involved in the Auditor's Office Quality Review Program of CPA firm reports and workpapers, performing peer reviews for the National State Auditors Association as well as reaudits of local governments. Pam is also a Certified Governmental Financial Manager and a member of the Iowa Society of Certified Public Accountants and the Association of Government Accountants.

Brian Brustkern, CPA, is the deputy in charge of the financial audit division for the Iowa Auditor of State. He is a graduate of the University of Northern Iowa and joined the staff of the Auditor's office in 1993. Brian's responsibilities include directing the activities of the audit teams, reviewing the audit results and ensuring compliance with office and professional standards. He also participates in various local government training programs and provides technical assistance to local governments and their auditors. Brian is a CPA and is a member of the American Institute of Certified Public Accountants, the Iowa Society of Certified Public Accountants, and the City and County Finance Committees.

John Danos, J.D., is an attorney at Dorsey and Whitney LLP and serves as the co-head of their Public Finance Practice Group. Since 2002 John has helped cities, counties, special districts, and private entities meet their goals through tax exempt and taxable municipal bond issues, private debt placements, lease purchase financings, and other debt arrangements. John guides clients through state and federal tax law and federal securities law compliance issues. In addition, John has extensive experience in structuring economic development transactions involving tax increment financing, tax abatement, and other local government support. John is a frequent presenter at local government conventions, legal seminars, and public finance meetings on topics related to tax increment financing, economic development, municipal debt, and complex local government issues.

Melisa Galasso, CPA, CGMA, CSP, CPTD, is the founder and CEO of Galasso Learning Solutions LLC. A CPA with over 20 years of experience in the accounting profession, Melisa designs and facilitates courses in advanced technical accounting and auditing topics, including not-for-profit and governmental accounting. Her passion is providing high-quality CPE that is meaningful, creates efficiencies and improves quality, and positively impacts ROI. Melisa is a Certified Speaking Professional (CSP), a Certified Professional in Talent Development (CPTD), and has earned the Association for Talent Development Master Trainer™ designation. Melisa serves as the Co-Chair of the NCACPA's A&A committee and as a Subject Matter Expert for the AICPA's Center for Plain English Accounting (CPEA). She has also served on the FASB's Not-for-Profit Advisory Committee (NAC), AICPA Council, and the AICPA's Women's Initiative Executive Committee (WIEC). She also previously served on the AICPA's Technical Issues Committee (TIC) and the VSCPA's Board of Directors.

Carrie Johnson began her career working with local governments at the Iowa League of Cities. She worked for the League for more than eight years in various roles in the membership services area. After taking some time off to be at home with her daughter, Carrie rejoined the workforce with Public Financial Management, Inc., a financial advisory firm that works with many Iowa cities and counties. In 2010, Carrie joined the Iowa Department of Management as property valuation and county budget administrator. In her current role, she works with the property valuation system and the utility replacement tax. She also works with county budgets and annual financial reports, as well as county hospital, county/city assessor, and county agricultural extension budgets.



Meet the Speakers

Lawrence (Mac) McClelland, J.D., is an associate at K2 Enterprises of Hammond, Louisiana, and Network Management Group of Hutchinson, Kansas. Mac was formerly the director of the Centre for Financial Studies at the University of Otago in Dunedin, New Zealand, where he lived and worked for seven years from 1990 to 1997. He was also a member of the faculty of the Advanced Business Programme, ranked in the top 100 MBA programs in the world by The Economist, specializing in business strategy and strategic management accounting. He gained his practical experience in information systems with the National Aeronautics and Space Administration, and has an established practice in business and technology consulting. Mac has taught hundreds of continuing professional education seminars to accountants and business managers in the United States, New Zealand, Australia, Japan, and Southeast Asia. Mac has been published in leading business and practitioner journals, including *Tax Ideas*, *Computers in Accounting*, *Journal of Accounting Education*, *Chartered Accountants Journal of New Zealand*, and the top-rated *Journal of Accounting Research*.

Ted Nellesen is senior fiscal and policy analyst, local government budgets, for the Iowa Department of Management. Ted joined the Department of Management in July 2012, taking over city, township and miscellaneous levy authority budgets. Prior to joining the Department of Management, Ted worked as a consultant for Public Financial Management (PFM), a municipal finance advisory firm. Ted obtained his Bachelor of Arts in Political Science from Iowa State University in 2005 and his Master of Public Administration from Drake University in 2010.

Lisa Parker, CPA, CGMA, is a senior project manager with the Governmental Accounting Standards Board (GASB). Prior to joining the GASB in 2008, Lisa worked for Runyon Kersteen Ouellette CPAs for 10 years, the town of Old Orchard Beach, Maine as finance director and interim town manager for 2 years, and the city of Saco, Maine as finance director for 8 years. She is a member of the Association of Governmental Accountants, the American Institute of Certified Public Accountants, and the Maine Society of Certified Public Accountants, where she served as president. Previously, Lisa was president of the Maine Governmental Finance Officers Association, an executive board member of the New England Governmental Finance Officers Association, and a member of a national GFOA standing committee. Lisa attended Boston College and the University of Southern Maine graduating with magna cum laude honors and a bachelor's degree in accounting.

Jeremy Wortman, Ph.D., is the owner of HRD Initiatives, where he specializes in leadership development, organizational effectiveness, and talent management—particularly within the public accounting profession. With over two decades of experience, including his role as Director of Organizational Effectiveness and Corporate Psychologist at TD Ameritrade, Jeremy has built a reputation for helping firms strengthen their leadership pipelines and create high-performing cultures. He holds a Ph.D. in Organizational Behavior and Leadership, and is a nationally recognized speaker on leadership, organizational design, and talent strategy.



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Optional Bonus Session: Ethics Under Pressure: How Good Professionals Make Bad Decisions

Jeremy Wortman

**Ethics Under Pressure:
How Good Professionals Make Bad
Decisions—and How to Stop It**

Participant Guide

May 2026

Virtual Ethics
Update
participant guide

Workshop Purpose & Opening Reflection

What Participants Should Leave With



- A sharper understanding of why good professionals still make poor ethical decisions
- A behavioral ethics lens: pressure, rationalization, fear, ambiguity, and courage
- A practical 8-step framework for navigating gray-area dilemmas
- Better questions to ask themselves, their firms, and their clients

Opening Reflection

Think of a time when you knew the better professional answer, but pressure made that answer less convenient.

What made the right action harder?

- | | | | |
|---------------------------------|------------------------------------|--|--|
| <input type="checkbox"/> Fear | <input type="checkbox"/> Loyalty | <input type="checkbox"/> Speed | <input type="checkbox"/> Money |
| <input type="checkbox"/> Status | <input type="checkbox"/> Ambiguity | <input type="checkbox"/> Client pressure | <input type="checkbox"/> Internal politics |

How We Will Engage Virtually

- Fast reflection prompts rather than long pauses
- Occasional one-word or 1-2-3 chat responses
- Case application led from the front of the room
- No breakout rooms, no role play, and no dependence on real-time chat

Participation rule: I will ask you to think, decide, and respond — but I will not make you sit in silence waiting on the technology.

The Pressure Landscape

Why This Conversation Still Matters

- **Speed:** decisions are expected faster than people can fully process risk
- **Ambiguity:** many dilemmas are not clean right-versus-wrong choices
- **Relationships:** client loyalty and internal politics can soften skepticism
- **Technology:** AI can create confidence without accountability
- **Culture:** people notice what is rewarded, tolerated, ignored, and punished
- Ethics is tested when the right answer has a cost

A Simple Equation for Ethical Drift

Pressure + **Ambiguity** + **Rationalization** = **Drift**

Most ethical problems begin as minor accommodations that become normalized.

Pressure Points in My World

Which of these most often shows up in your world? Which one creates the greatest risk of ethical drift?

Speed

Ambiguity

Relationships

Technology

Culture

Note: Drift is dangerous because it feels reasonable while it is happening.

Why Good Professionals Make Bad Decisions

Four Dangerous Myths

- 1 Ethical decision-making is easy
- 2 Ethical failure is mostly a bad-person problem
- 3 Smart and successful professionals are less vulnerable
- 4 Knowing the rule means people will follow the rule

Moral Maturity: How Our Brain Frames the Choice

Pre-conventional

Avoid punishment or gain reward
“What happens to me?”

Conventional

Fit expectations and norms
“What will others think?”

Post-conventional

Principles, values, and universal standards
“What is the right thing to do?”

The Ethical Decision-Making Process

Recognize

Notice the issue



Evaluate

Decide what is right



Intend

Choose the right over alternatives



Act

Do it under pressure

Breakdowns can happen anywhere in the chain.
Ethical failures are often process failures before they become character failures.

Where the Process Breaks Down

Diagnostic Failure Points

- Recognition failure: “I didn’t see it as an ethical issue.”
- Evaluation failure: “I saw it, but framed it too narrowly.”
- Intent failure: “I knew what was right, but prioritized something else.”
- Behavior failure: “I intended to act, but backed down when the cost became real.”

Four Lenses for Evaluating Ethical Situations

- 1 Utilitarian** What creates the greatest good for the greatest number?
- 2 Deontological** What duties, rules, standards, or principles apply?
- 3 Justice** What is fair to the people affected?
- 4 Virtue** What would a person of integrity do here?

Notes, Reactions, and Application

Pressure, Rationalization, and Moral Courage

The Language of Rationalization

- “Everyone does it.”
- “It is not material.”
- “We can clean it up later.”
- “The client will leave.”
- “This is just how the business works.”
- “No one is really hurt.”

When you hear these phrases, slow the process down.

Moral Courage & Resiliency

Moral courage is the bridge from moral intent to moral behavior.

Intent → Courage → Behavior

Resiliency is the structure that keeps the bridge from collapsing when pressure continues.

How to Build Moral Resiliency

- Know your own moral code before the pressure arrives
- Clarify the firm’s values and non-negotiables
- Have someone to talk to about ethical challenges
- Prepare language for difficult conversations
- Practice slowing down instead of reacting under stress

Reflection: Which pressure is most likely to close the gap between what I know is right and what I am willing to do?

8 Steps to Sound Ethical Decision-Making

A disciplined process for slowing down, thinking clearly, and choosing wisely in gray areas.

1

Gather ALL the facts

What do we know? What do we not know? What assumptions are we making?

2

Define the ethical issue

Is this a rules issue, judgment issue, culture issue, or courage issue?

3

Identify who is impacted

Client, firm, team, public, profession, and your future self.

4

Identify consequences

What happens if we say yes? no? What precedent could we create?

5

Clarify obligations

Name the duties in conflict: self, client, firm, colleagues, public, profession.

6

Check your moral compass

What do I believe is right? Which value is being tested?

7

Generate alternatives

Pause, document uncertainty, escalate, or propose a safer path.

8

Check your gut

Would I be comfortable if this were reviewed later?

Live Case Application & Final Synthesis

Case: The Aggressive Position

A long-term, high-value client is pushing for an aggressive position that is arguable but uncomfortable. The deadline is tight. The relationship matters. A senior person says, "Let's not overcomplicate this." No one is explicitly asking anyone to break the law — but several people on the team feel uneasy.

Biggest pressures in the case: client, deadline, revenue, ambiguity, fear, loyalty

What Can / Should We Do?

Individually

- Know your moral code
- Slow down under pressure
- Name rationalizations
- Use the 8-step framework

As a firm

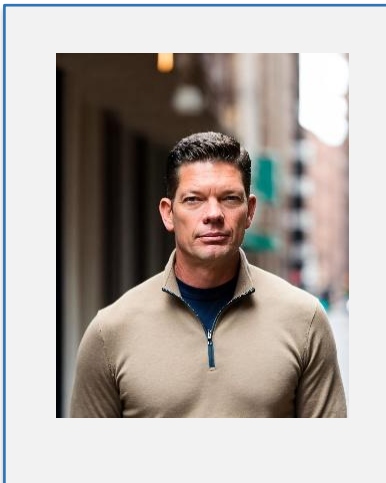
- Clarify non-negotiables
- Reward skepticism and speaking up
- Create safe escalation paths

Five Takeaways to Remember

- Good people are vulnerable to ethical drift
- Ethical failures are often process failures before character failures
- Pressure, ambiguity, and rationalization distort judgment
- The 8-step framework creates disciplined thinking
- Moral courage and resiliency turn intent into behavior

Closing Challenge: The next time something feels off, do not rush past the signal. Slow down. Name the issue. Widen the lens. Clarify the obligation. Generate alternatives. Then have the courage to act.

About Jeremy Wortman, Ph.D.



jwortman@hrdinitiatives.com

Jeremy is a consultant, speaker, and trainer with HRD Initiatives, a consulting firm serving the CPA profession and other industries since 2004.

His expertise is in talent management and organizational development, helping firms build and execute strategic plans regarding the people side of the business.

His consulting services include strategic planning, leadership development, behavioral assessments, executive coaching, team effectiveness, conflict management, employee engagement, and culture work.

Prior to his work with the accounting profession, Jeremy spent eight years at TD Ameritrade as Director of Organizational Development and Effectiveness and Business Psychologist.

He is a member of the American Psychological Association and the Society for Industrial and Organizational Psychology, and taught at the University of Nebraska from 1999 to 2016 as an adjunct professor.



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GASB Update

Lisa Parker

Iowa Society of CPAs – Governmental Roundtable



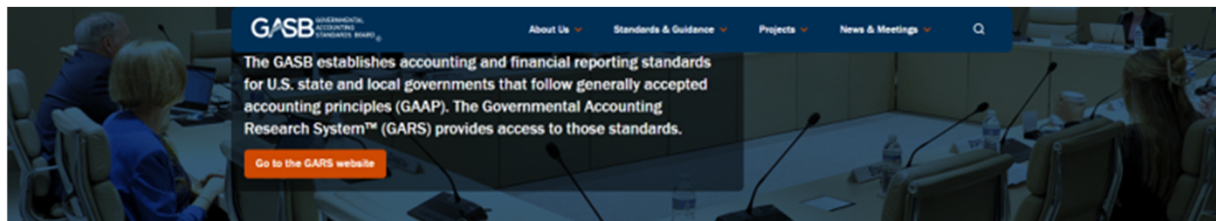
GASB UPDATE

Lisa R. Parker, CPA, CGMA, Senior Project Manager and GASAC Coordinator

May 12, 2026


The views expressed in this presentation are those of Ms. Parker.
Official positions of the GASB are reached only after extensive due process and deliberations.





www.gasb.org

New Subsequent Events Guidance Issued




Statement No. 105 Available

Revised requirements related to the reporting of subsequent events were issued by the GASB in December.

[Document](#)
[News Release](#)

GASB Chair Report



Q3 Report Available

GASB Chair Just Black provides an update on the activities of the GASB in the third quarter of 2025.

[View Reports](#)

Current Projects

View information about current GASB projects, including status updates and expected issuance timelines for due process document and final standards.

[Explore More →](#)

News

January 8, 2025
Financial Accounting Foundation Board of Trustees Issue Call for Nominations for FASB Chair, GASB Chair, FASB Member, and the Foundation Board of Trustees
[News Release](#)

December 17, 2025
GASB Issues Guidance on Subsequent Events
[Media Advisory](#) [Statement 105](#)

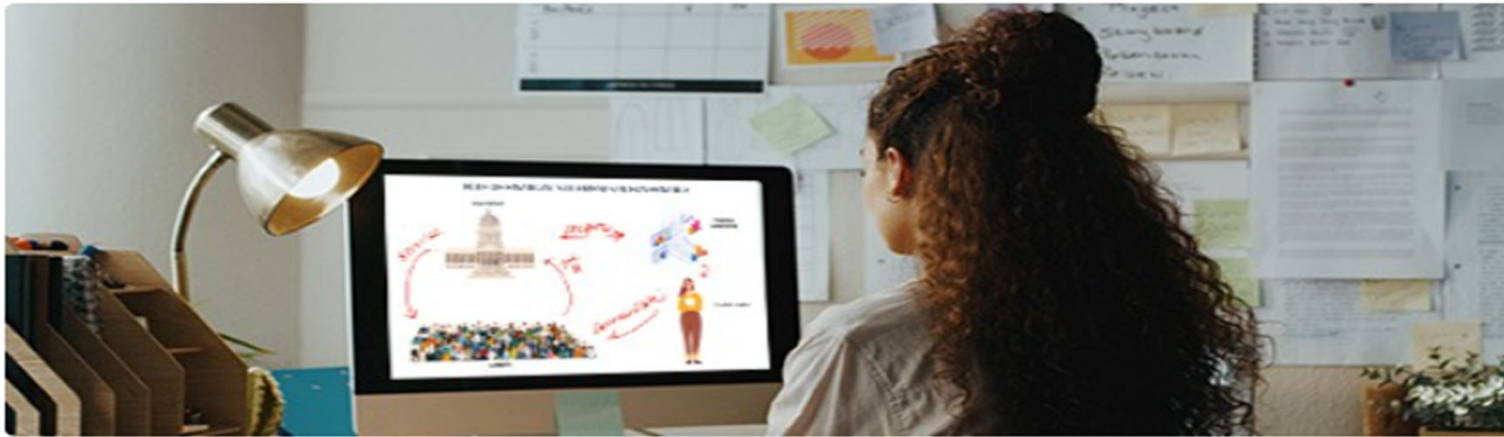
December 17, 2025
Financial Accounting Foundation Trustees Name Three New and Eleven Reappointed Members to the Governmental Accounting Standards Advisory Council (GASAC)
[News Release](#)

[View All News](#)

Website Resources


- Free download of Statements, Implementation Guides, Concepts Statements and other pronouncements
- Link to the Governmental Accounting Research System (GARS) – a free resource
- Free copies of proposals
- Up-to-date information on current projects
- Form for submitting technical questions
- Educational materials, including podcasts (Bridging the GAAP)

Understanding the Government Financial Report



Video Series for Elected Officials

These videos can help elected officials and other stakeholders understand what the information in each section of a government financial report is meant to provide and how they can use it.



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
Governmental Accounting Research System™

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Updated through December 31, 2025

Welcome to the Governmental Accounting Research System™

i The Governmental Accounting Research System™ has been updated through December 31, 2025.

About GARS

The Governmental Accounting Standards Board (GASB) Governmental Accounting Research System™ (GARS) provides access to all U.S. generally accepted accounting principles (GAAP) for state and local governments. It includes material from the GASB's Codification, Original Pronouncements, and Comprehensive Implementation Guide, as well as related resources and tools.

What's New in This Update

This update incorporates into the Codification and the Comprehensive Implementation Guide the effects of the following pronouncements that first became effective between July and December 2025:

None.

This update incorporates into the Original Pronouncements the following pronouncement that was issued by the GASB between July and December 2025:

[Statement No. 105, Subsequent Events](#) *↗*

[View documents for public comment](#) >

[Final Pronouncements Not Yet Incorporated into the Content](#) >

Help

The website offers several resources to enhance your working knowledge of GARS. They include a help page with descriptions of specific functions and features of the site and a downloadable user guide.

[Help Topics](#) >

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Effective Dates

December 31: Fiscal Year 2026

- Statement 103—*Financial Reporting Model Improvements*
- Statement 104—*Disclosure of Certain Capital Assets*
- Implementation Guide No. 2025-1, *Implementation Guidance Update—2025* (except for Question 4.16)

December 31: Fiscal Year 2027

- Statement 105—*Subsequent Events*

Effective Dates

June 30: Fiscal Year 2026

- Statement 103—*Financial Reporting Model Improvements*
- Statement 104—*Disclosure of Certain Capital Assets*
- Implementation Guide No. 2025-1, *Implementation Guidance Update—2025* (except for Question 4.16)

June 30: Fiscal Year 2027

- Statement 105—*Subsequent Events*

Technical Plan Overview

■ Comprehensive Projects:

- Revenue and Expense Recognition

■ Major Projects:

- Going Concern/Severe Financial Stress
- Infrastructure Assets

■ Practice Issues:

- Implementation Guide—Update

■ Technology Project:

- Voluntary Digital Financial Reporting

■ Research Activities:

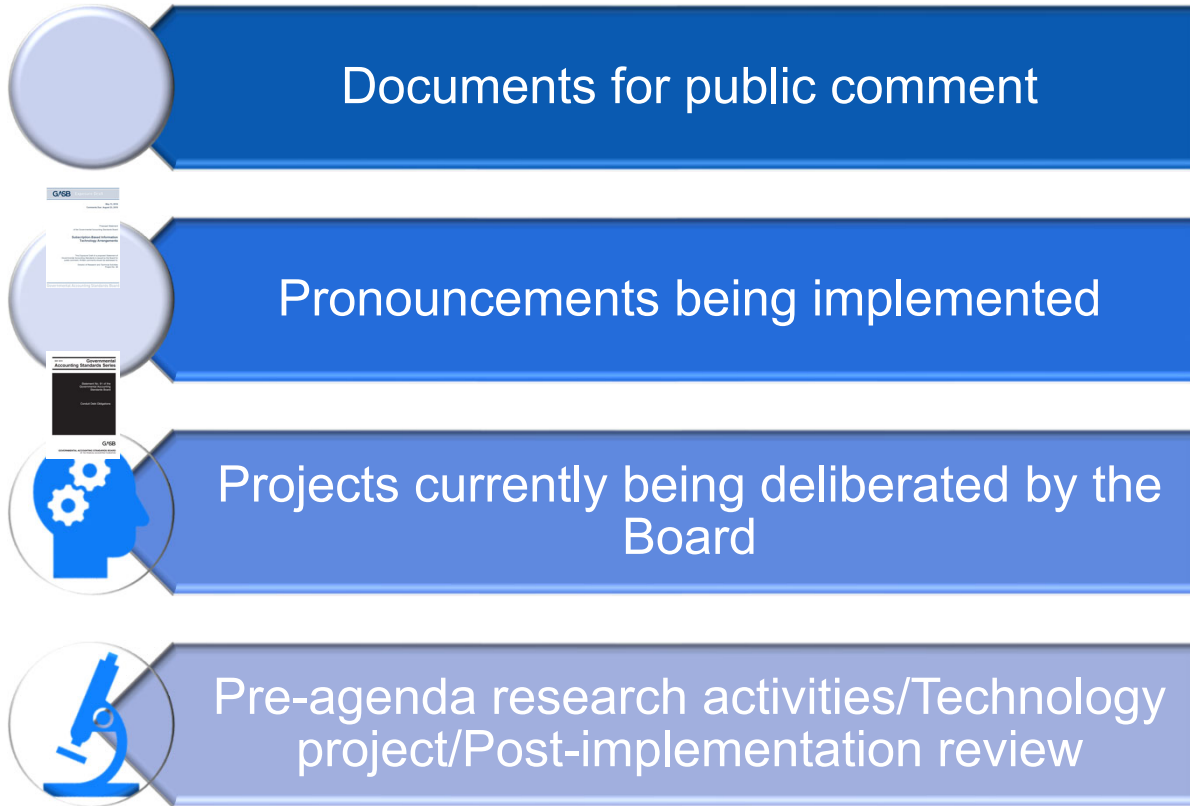
- Cybersecurity Risk Disclosures
- Revenue and Expense – Note Disclosures
- GAAP Structure
- Pension & OPEB Disclosures – Concepts Statement 7

Materiality

Included in EVERY Statement:

The provisions of this Statement need not be applied to immaterial items.

Presentation Overview



Documents for Public Comment



Infrastructure Assets

Infrastructure Assets

What?

The GASB is evaluating existing guidance related to infrastructure assets and the usefulness of information reported by governments.

Why?

Stakeholders have asked the GASB to review various aspects of infrastructure asset reporting; the most relevant standards have been in effect 15-20 years.

When?

The Board issued an Exposure Draft in March 2026. Comment deadline is June 26, 2026. Public forums are scheduled for June and July of 2026.

Exposure Draft—Definition of Infrastructure Assets

- **Infrastructure Assets** are capital assets that are:
 - Part of a network
 - Stationary in nature
 - Can be maintained or preserved for a significant number of years
 - Examples include roads, bridges, tunnels, water and sewer, dams, lighting, and communication towers
 - Buildings that have a primary purpose that is integral to a network of infrastructure assets but are only an ancillary part of that network should be considered infrastructure assets.

Exposure Draft—Recognition and Measurement

Existing Methods from Statement 34

- Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, provides two methods for recognizing and measuring infrastructure assets:
 - Historical cost net of accumulated depreciation
 - The Modified Approach

- The Exposure Draft proposes retaining both methods, with:
 - Minor modifications to the requirements to be able to use the modified approach.
 - Certain proposed requirements depending on the method applied.

Exposure Draft—Recognition and Measurement

For Infrastructure Assets Reported at Historical Cost Net of Accumulated Depreciation

- The Exposure Draft proposes that a component of an infrastructure asset be depreciated separately if it has:
 - A cost that is significant in relation to the total cost of the infrastructure asset
 - An estimated useful life that is substantially different from the estimated useful life of the infrastructure asset.
- The Exposure Draft emphasizes the requirement for governments to perform a periodic review of the estimated useful lives and salvage values used in the measurement of depreciation expense.

Exposure Draft—Note Disclosures

For All Infrastructure Assets (regardless of method)

- Divide information in note disclosures about infrastructure assets by network of infrastructure assets.
- Governments with a policy for monitoring the maintenance and preservation of their infrastructure assets should briefly describe that policy in notes to financial statements.

Exposure Draft—Note Disclosures

For Infrastructure Assets Reported at Historical Cost Net of Accumulated Depreciation

- Governments would disclose the following for infrastructure assets exceeding 80 percent of their estimated useful lives:
 - Historical cost
 - Accumulated depreciation
 - Historical-cost weight-average age
- Disclosed by network
- Separating information for infrastructure assets between:
 - Those that reached 100 percent of their estimated useful lives, and
 - Those that exceeded 80 percent of their estimated useful lives

Exposure Draft—RSI

For Infrastructure Assets Reported using the Modified Approach

- Statement 34 already requires certain information to be presented as RSI for infrastructure assets reported using the modified approach.
- The Exposure Draft proposes amending those requirements to:
 - Present those schedules by network
 - Present 10 years of data (instead of the 5 years currently required)
 - Disclosing any changes (and the reasons for those changes) to the condition levels at which a government intends to preserve its infrastructure assets reported using the modified approach.

Exposure Draft—Transition Provisions

- Prospective application for fiscal periods beginning after June 15, 2028, with some exceptions for:
 - Separating components of infrastructure assets
 - Performing a review of the estimated useful lives and salvage values of infrastructure assets
 - Separating disclosures and RSI by network, and disclosures of infrastructure assets exceeding 80 percent of their estimated useful lives

Providing Feedback

- Written comments
 - Comment letter
 - Electronic feedback form
 - **Deadline: June 26, 2026**

- Public forums
 - June 23, 2026 – Norwalk, CT
(Deadline to notify of intent to participate: June 12, 2026)

 - July 13, 2026 – Virtual
 - July 23, 2026 – Virtual
(Deadline to notify of intent to participate: June 16, 2026)

Project Timeline

Pre-Agenda Research Started	August 2019
Added to Current Technical Agenda	April 2023
Deliberations Began	May 2023
Preliminary Views Issued	September 2024
Exposure Draft Issued	March 2026

GAAP Structure



GAAP Structure

What?

The GASB is evaluating the effectiveness of the GASB's current dual-authority approach to communicating GAAP for state and local governments.

Why?

The existing GAAP structure includes both Original Pronouncements and the Codification, each with equal authoritative status.

When?

The GASB issued a Discussion Memorandum in April 2026. Comment deadline is August 31, 2026.

Reasons for the Research

- Existing dual-authority structure
 - GAAP resides in two places: Original Pronouncements and the Codification
 - Both OPs and Codification have equal authoritative status
- Issues raised by stakeholders as part of feedback on other due process documents
- Suggestions from stakeholders to move to a single-authority structure
- Using and maintaining a dual-authority structure becomes more complex as literature evolves

Research Phases

Phase 1

- Evaluate effectiveness of GASB's current dual-authority approach to communicating GAAP for state and local governments

Phase 2

- Explore a potential single-authority structure, including whether and how it could be operationalized

Phase 1 Research Activities

- Primary focus
 - How do GASB stakeholders engage with GASB literature
- Research conducted
 - Survey of preparers, auditors, and users
 - Interviews of preparers and auditors
 - Assessment of internal processes and procedures associated with maintaining a dual-authority structure
- Phase 1 findings led to Phase 2

Phase 2 Research Activities

■ Objective

- Determine what a single-authority structure would entail and whether it is operable

■ Activities

- Review structures of other standard setters
- Identify alternatives for components of a potential single-authority structure
- Establish consultative group and conduct working sessions
- Gather broad stakeholder feedback on potential single authority structure through a Discussion Memorandum

Discussion Memorandum

- Staff document designed to seek comments at an early stage
- Explores the potential for a single-structure and how it could be operationalized
- Respondent feedback
 - Will be incorporated into research memorandum
 - Help to inform project prospectus recommendation and Board's considerations related to whether a project to move to a single-authority structure should be initiated

Looking Ahead...



Pronouncements Being Implemented



Financial Reporting Model Improvements

Statement No. 103

April 2024

Governmental Accounting Standards Series

Statement No. 103 of the
Governmental Accounting
Standards Board

**Financial Reporting Model
Improvements**

GASB
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Financial Reporting Model Improvements

What?

The Board has made certain improvements to the financial reporting model— Statements 34, 35, 37, 41, and 46, and Interpretation 6.

Why?

A review of those standards found that they generally were effective but that there were aspects that could be significantly improved.

When?

Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Earlier application is encouraged.

Overview

Clarification of operating and nonoperating in proprietary funds

Presentation of proprietary funds statement of revenues, expenses, and changes in net position

Management's discussion and analysis

Budgetary comparisons

Major component unit presentations

Unusual or infrequent items

Proprietary Funds—Operating and Nonoperating

Separate presentation of operating and nonoperating revenues and expenses

Operating

- Activities other than nonoperating activities

Nonoperating

- Subsidies received and provided
- Revenues and expenses of financing
- Resources from the disposal of capital assets and inventory
- Investment income and expenses
- Contributions to permanent and term endowments

Proprietary Funds—Subsidies

Subsidies

- Resources received from another party or fund (1) for which the proprietary fund does not provide goods and services to the other party or fund and (2) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise
- Resources provided to another party or fund (1) for which the other party or fund does not provide goods and services to the proprietary fund and (2) that are recoverable through the proprietary fund's current or future pricing policies
- All other transfers

Add a new subtotal for operating income (loss) and noncapital subsidies

Sample City
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
for the Year Ended June 30, 20X5
(amounts expressed in thousands)

See Exhibit 21 for an illustration of an optional combining statement of internal service funds.

	Enterprise Funds				Internal Service Funds
	Public Utility	Transit Authority	Golf Courses	Total	
OPERATING REVENUES					
Charges for services	\$ 41,003	\$ 18,636	\$ 2,561	\$ 62,200	\$ 42,523
Miscellaneous	283	33	104	420	78
Total operating revenues	<u>41,286</u>	<u>18,669</u>	<u>2,665</u>	<u>62,620</u>	<u>42,601</u>
OPERATING EXPENSES					
Personnel services	13,991	-	-	13,991	5,786
Contractual services	13,952	16,406	4,893	35,251	4,117
Insurance claims and expenses	-	-	-	-	26,388
Depreciation	11,767	8,972	2,375	23,114	415
Other	1,067	-	165	1,232	7,834
Total operating expenses	<u>40,777</u>	<u>25,378</u>	<u>7,433</u>	<u>73,588</u>	<u>44,540</u>
Operating income (loss)	<u>509</u>	<u>(6,709)</u>	<u>(4,768)</u>	<u>(10,968)</u>	<u>(1,939)</u>
NONCAPITAL SUBSIDIES					
Intergovernmental revenue	-	-	-	-	881
Transfers in	-	2,090	110	2,200	300
Transfers out	(1,980)	-	-	(1,980)	-
Total noncapital subsidies	<u>(1,980)</u>	<u>2,090</u>	<u>110</u>	<u>220</u>	<u>1,181</u>
Operating income (loss) and noncapital subsidies	<u>(1,471)</u>	<u>(4,619)</u>	<u>(4,658)</u>	<u>(10,748)</u>	<u>(758)</u>

**OTHER NONOPERATING REVENUES
(EXPENSES)**

Investment earnings	1,496	75	103	1,674	446
Gain from the sale of capital assets	-	-	-	-	3
Interest expense	(1,910)	(448)	(963)	(3,321)	-
Capital contributions	2,938	-	-	2,938	-
Transfers in restricted for capital assets	<u>1,032</u>	<u>15,360</u>	<u>2,384</u>	<u>18,776</u>	<u>1,215</u>
Total other nonoperating revenue (expenses)	<u>3,556</u>	<u>14,987</u>	<u>1,524</u>	<u>20,067</u>	<u>1,664</u>
Increase (decrease) in fund net position	2,085	10,368	(3,134)	9,319	906
Fund net position—beginning of period	<u>331,657</u>	<u>177,997</u>	<u>29,423</u>	<u>539,077</u>	<u>12,387</u>
Fund net position—end of period	<u>\$ 333,742</u>	<u>\$ 188,365</u>	<u>\$ 26,289</u>	<u>\$ 548,396</u>	<u>\$ 13,293</u>

Management's Discussion and Analysis

- Users of MD&A “have different levels of knowledge and sophistication about governmental accounting and finance,” “may not have a detailed knowledge of accounting principles”
- Analysis of current-year balances and activity to explain why balance and results changed from prior year
- Avoid unnecessary duplication, avoid “boilerplate” language
- Focus on primary government, discussion of discretely presented component units is a matter of professional judgment

Management's Discussion and Analysis Components

- Overview of the financial statements
- Financial summary—condensed financial statements
- Detailed analyses
 - Primary government's financial position and results of operations—both governmental and business-type activities
 - In addition to amounts/percent of change, explain **why** change occurred
 - Fund balance or net position and results of operations of each major fund (nonmajor funds excluded)
 - In addition to amounts/percent of change, explain **why** change occurred

Management's Discussion and Analysis Components

- Significant capital asset and long-term financing activity
 - Capital asset activity
 - Include intangible capital assets
 - Discussion of significant additions and disposals
 - Discussion of significant policy changes and economic factors
 - Avoid duplication between the analyses and this component
 - Long-term financing activity
 - Includes debt, leases, PPPs, and SBITAs
 - Discuss new agreements, changes to credit rating, debt limit
 - Discussion of significant policy changes and economic factors
 - Avoid duplication between the analyses and this component

Management's Discussion and Analysis Components

- Currently known facts, decisions, and conditions that are expected to have a significant effect on financial position or results of operations in the subsequent year
 - Trends in relevant economic and demographic data
 - Factors used to develop the subsequent year's budget
 - Those affecting revenues available for appropriation, for example, changes in rates and bases of activity
 - Those affecting planned spending, for example, inflation, labor contracts, changes in programs
 - Expected changes in budgetary net position or fund balance
 - Actions government has taken related to PEB, capital plans, leases, PPPs, SBITAs (long-term items)
 - Actions other parties have taken, such as new laws or regulations

Budgetary Comparisons and Major Component Unit Presentations

Budgetary Comparisons

- Would be presented as required supplementary information (no option for basic statements).
- Required variances would be final-budget-to-actual and original-budget-to-final-budget.

Major Component Unit Presentations

- If it is not feasible to present major component unit financial statements in separate columns in the reporting entity's financial statements, the financial statements of the major component units would be presented in the reporting entity's basic financial statements as combining financial statements.

Unusual or Infrequent Items

Unusual or Infrequent Items

- Separately present inflows and outflows of resources that are unusual in nature and/or infrequent in occurrence (replacing extraordinary and special items).
- Disclose additional information about those inflows and outflows, including the programs, functions, or identifiable activities to which they are related and whether they are within the control of management.

Effective Date and Transition

- Effective for fiscal years beginning after June 15, 2025
 - All reporting periods thereafter
 - Earlier application is encouraged
 - Changes adopted at transition—change in accounting principle (Statement 100)
 - All component units should implement the provisions in the same year as the primary government

Disclosure of Certain Capital Assets

Statement No. 104

September 2024

Governmental Accounting Standards Series

Statement No. 104 of the
Governmental Accounting
Standards Board

Disclosure of Certain Capital Assets

GASB
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Disclosure of Certain Capital Assets

What?

Establishes

- 1) Requirements for certain capital assets to be disclosed separately in Statement 34 disclosures
- 2) Capital assets held for sale

Why?

Provide essential information to users about certain types of nonfinancial assets

When?

Approved September 2024.

Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Capital Assets Disclosure

- Within note disclosures required by Statement 34, separate disclosure of:
 - Lease assets by major class of underlying asset
 - Intangible right-to-use assets recognized by operator in PPP, by major class of underlying PPP asset
 - Subscription assets
 - Intangible assets other than those mentioned above, by major class of asset
- Intangible assets that represent the right to use a type of underlying asset should not be in same major class as owned assets of that type

Capital Assets Held for Sale

- Capital assets are capital assets held for sale if:
 - The government has decided to pursue the sale of the asset
 - It is probable that the sale will be finalized within one year of the financial statement date
- Factors to consider if it is probable that the sale will be finalized within one year
- No change to measurement
- Disclosures:
 - Historical cost and accumulated depreciation, by major class of asset
 - Carrying amount of debt for which capital assets held for sale are pledged as collateral

Effective Date and Transition

- Effective for fiscal years beginning after June 15, 2025
 - All reporting periods thereafter
 - Earlier application is encouraged
 - Retroactive application, if practicable
 - All periods presented in basic financial statements
 - Disclosure that Statement was implemented and any financial statement line items affected
 - If not practicable, disclose reason for not applying to prior periods

Subsequent Events

Statement No. 105

December 2025

Governmental Accounting Standards Series

Statement No. 105 of the
Governmental Accounting
Standards Board

Subsequent Events

Subsequent Events

What?

Based on a reexamination of the requirements in Statement 56, Statement 105 replaces the guidance for subsequent events in Statement 56 with an objective of improved requirements to better meet information needs of users.

Why?

Existing guidance is based on other literature dating back to 1972 and generally has not been reevaluated.

When?

Approved December 2025

Effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

Earlier application encouraged.

Subsequent Events—General

- Subsequent events
 - Transactions or other events that occur after the date of the financial statements and before the date the financial statements are available to be issued
- Available to be issued
 - Complete in a form and format that complies with GAAP
 - Approvals necessary for issuance have been obtained
- Disclose the date through which subsequent events are evaluated

Recognized and Nonrecognized Events

- Recognized and nonrecognized events
 - Scope: proposed requirements should be applied in the absence of more specific GASB standards

- Recognized events
 - Occur during the subsequent events time frame
 - Provide evidence of conditions that existed at the financial statement date
 - Inform the accounting estimates reported as of the financial statement date

Recognized and Nonrecognized Events (cont.)

■ Nonrecognized events

- Occur during the subsequent events time frame
- Results in a significant effect (favorable or unfavorable) that is recognized or disclosed in the basic financial statements in the period in which the event occurs
- Either are:
 - One of the following specific events: debt-related transaction, combination/disposal, change to legally separate entities, or
 - Of such a nature to be essential to a user's analysis for making decisions or assessing accountability
- Should be disclosed in notes to financial statements

Nonrecognized Events—Notes to Financial Statements

- Notes to financial statements for nonrecognized events
 - Description of nonrecognized event and its effects
 - Estimate of the amount of effect of the nonrecognized event
 - Or reason why an estimate cannot be made
 - Correspond to reporting units
 - Avoid unnecessary duplication

Effective Date and Transition

- Effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter
 - Earlier application is encouraged
- Prospective application at transition

Implementation Guidance Update

IG Update 2025

JUNE 2025 **Governmental
Accounting Standards Series**

**Implementation Guide No. 2025-1,
*Implementation Guidance Update—2025***

GASB

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

Implementation Guidance Update

What?

The need for updates to Q&A implementation guidance is considered annually.

Why?

New guidance is added as new pronouncements are issued and new issues arise.

When?

The Board cleared the issuance of the guidance in June 2025.

Effective date and transition varies by topic.

Implementation Guide Update—2025

- New questions related to:
 - Statement 103
 - Statement 101
 - Statement 100
 - Statement 91
 - Statement 87

- Amendments to existing questions related to:
 - Capital assets (7.9.6 in Implementation Guide 2015-1)
 - Special revenue funds (Z.54.30 in Implementation Guide 2015-1)

Current Technical Agenda Projects



Going Concern Uncertainties and Severe Financial Stress



Going Concern Uncertainties and Severe Financial Stress Project

What?

The Board is:

- Reviewing existing standards related to going concern, and
- Addressing issues related to disclosures regarding going concern uncertainties and severe financial stress.

Why?

Existing guidance presents challenges that result in diversity in practice.

Some governments experience severe financial stress but do not dissolve and others dissolve for reasons other than severe financial stress.

When?

The Board issued a Preliminary Views in March 2025.

Redeliberations began in October 2025.

Preliminary Views – Two Independent Ideas

- Severe Financial Stress (SFS)
 - Condition existing as of financial statement date
 - Regardless of continued existence
- Probable Dissolution (PD)
 - Uncertainty about future event occurring
 - Regardless of financial condition
- Government could be required to make SFS disclosures, PD disclosures, or both
- *Going concern uncertainty* not used for greater clarity

Preliminary Views – Severe Financial Stress

- Disclosures required if government is experiencing financial difficulties such that it is near or at the point of insolvency
 - Regardless of continued existence
 - Condition as of the financial statement date
 - Guidance to help evaluate whether government is near insolvency (proximity not time, indicators)

- Disclosures to be made
 - Reasons and causes for the condition
 - Government's evaluation of significance of those reasons and causes
 - Actions taken in response
 - Known effects
 - Additional disclosures in subsequent periods if condition persists or is alleviated

Preliminary Views – Probable Dissolution

- Disclosures required if probable that government will cease to exist as the same legally separate entity within 12 months from the date FS available to be issued
 - Regardless of financial condition
 - Could be merger, acquisition, or dissolution without replacement

- Disclosures to be made
 - Statement that there is PD
 - Reasons and causes for PD
 - Government's evaluation of significance of those reasons and causes
 - Actions taken in response
 - Recoverability or classification of assets and liabilities
 - Additional disclosures in subsequent periods if PD persists or no longer present

Project Timeline

Pre-Agenda Research Started	April 2015
Added to Current Technical Agenda	December 2021
Deliberations Began	July 2022
Preliminary Views Issued	March 2025
Exposure Draft Scheduled to Be Considered for Issuance	June 2027

Implementation Guidance

Financial Reporting Model Improvements—Subsidies



Implementation Guidance on Financial Reporting Model Improvements—Subsidies

What?

The need for updates to Q&A implementation guidance is considered annually.

Why?

New guidance is added as new pronouncements are issued and new issues arise. This proposed guidance specifically addresses the Statement 103 provisions related to subsidies.

When?

The Board cleared the issuance of a proposed Exposure Draft in February 2026. Comment deadline was April 27, 2026.

Implementation Guidance on Financial Reporting Model Improvements—Subsidies

- Proposed new questions related to:
 - Statement 103, provisions related to subsidies
- Proposed amendments to existing questions related to:
 - Subsidies (4.5 in Implementation Guide 2015-1)

Revenue and Expense Recognition

Revenue and Expense Recognition

What?

The Board has proposed a comprehensive model for recognition of revenues and expenses

Why?

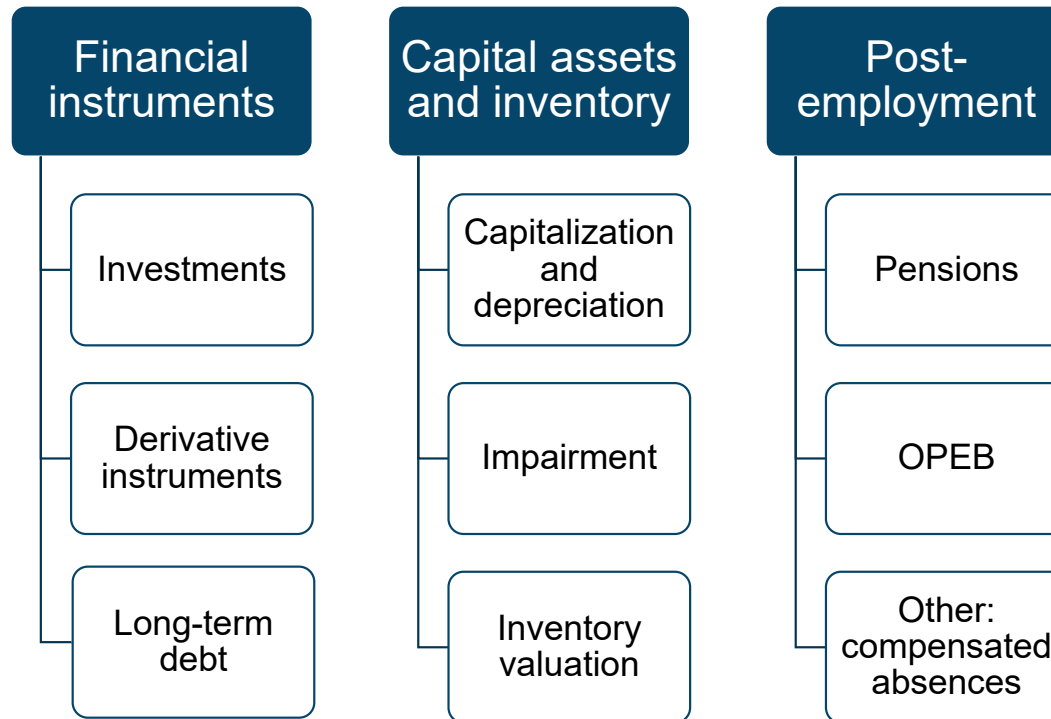
Guidance for exchange transactions is limited; guidance for nonexchange transactions could be improved and clarified

When?

Exposure Draft scheduled for March 2027

Scope of the Project

- The scope is defined broadly to include revenues and expenses that are not ***explicitly excluded***:



Proposed Recognition Model Components

Categorization

Identify the *type* of transaction

Recognition

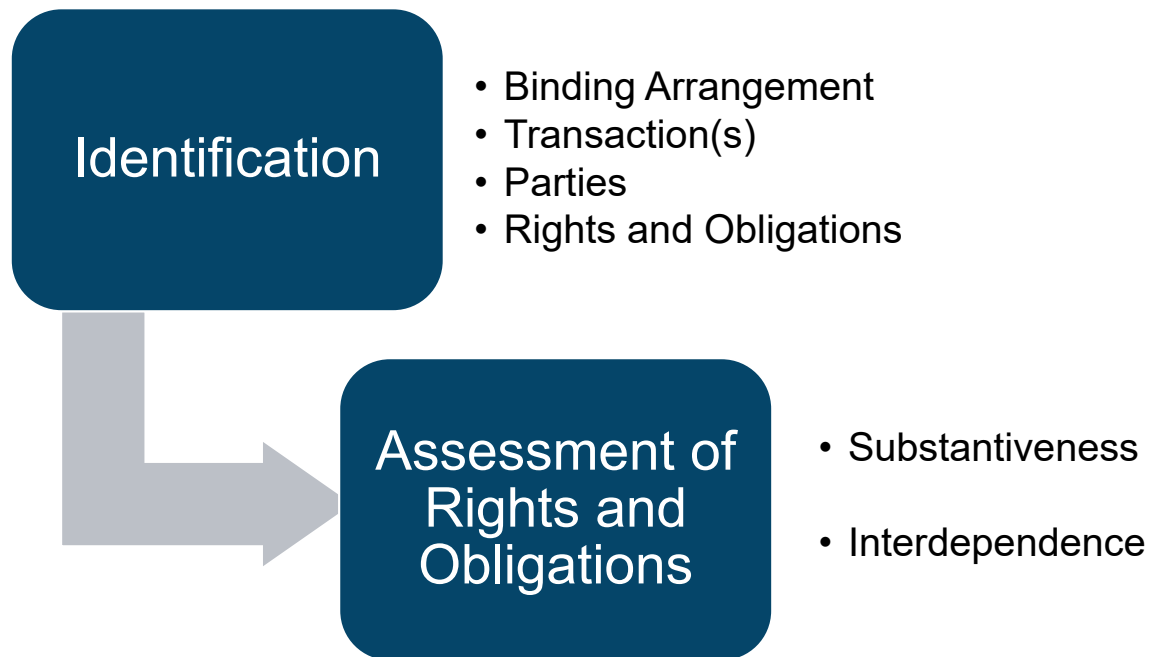
Determine *what* element should be reported and *when*

Measurement

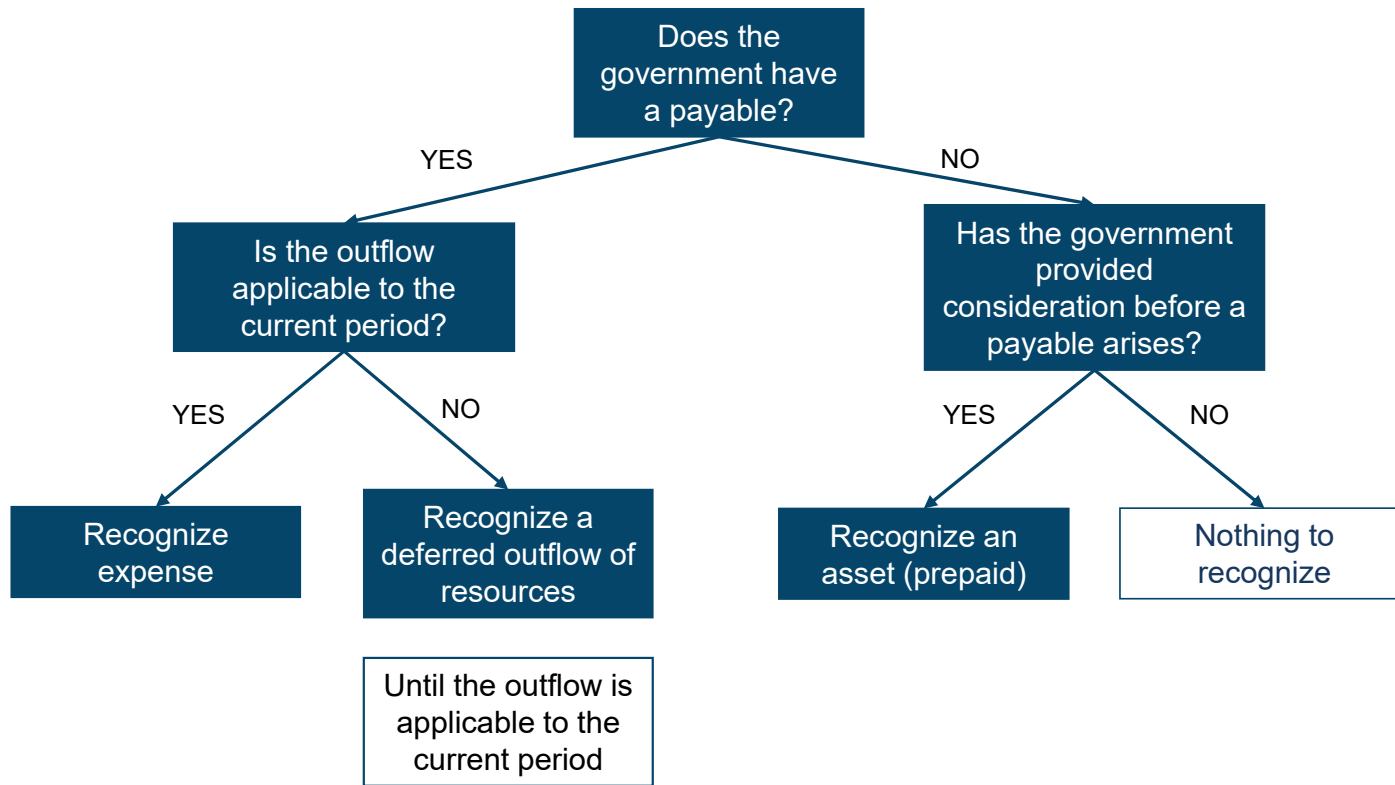
Determine the *amount* to report

Categorization Methodology

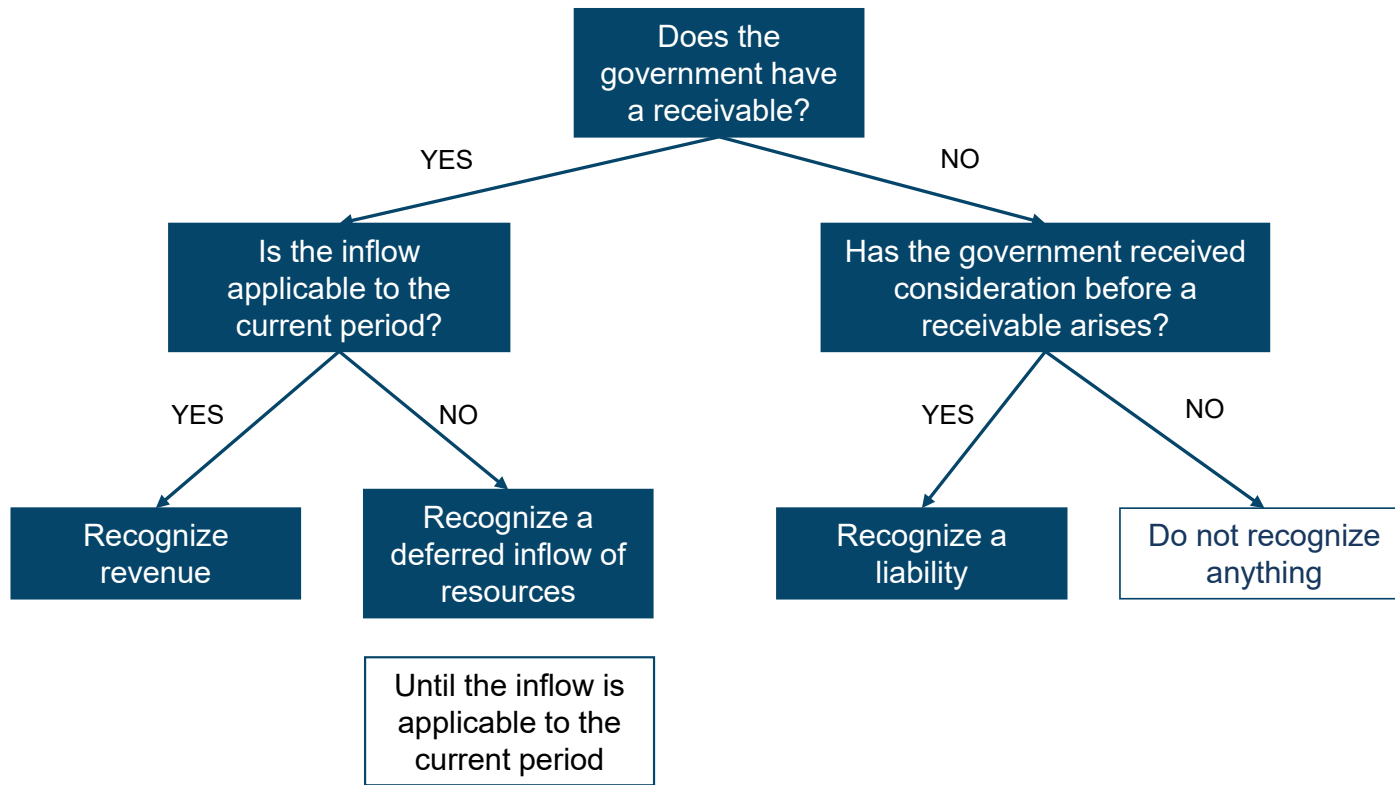
Process to identify transactions as Category A (include a performance obligation) or Category B (does not include a performance obligation)



Proposed Expense Recognition Principles



Proposed Revenue Recognition Principles



Organization of Category B Transactions

Imposed Transactions			Transactions with Qualifying Requirements	Transactions without Qualifying Requirements		
Imposed on an underlying transaction	Imposed on actions committed or omitted	Imposed on property ownership		Contractual Binding Arrangement	Legislative Binding Arrangement Periodic Appropriation	Legislative Binding Arrangement Continuous Appropriation
Sales Tax Income Tax	Regulatory Fees Punitive Fees	Property Taxes	Federal Grants	Pledges PILOTs	K-12 Aid	Shared Motor Fuel Tax

Imposed on an Underlying Transaction

Characteristics

- A government **imposes** a requirement to provide resources
- Upon the occurrence of an underlying transaction

Recognition

- Receivable is recognized when the underlying transaction occurs
- Revenue is generally recognized along with the receivable

Examples

- Sales Tax
- Personal and Corporate Income Taxes
- Passenger Facility Charges



Imposed on Actions Committed or Omitted

Characteristics

- A government **imposes** a requirement to provide resources
- Upon an action or an omission

Recognition

- Receivable is recognized when the underlying action or omission takes place
- Revenue is generally recognized along with the receivable

Examples

- Regulatory fees:
Fishing License
- Punitive fees:
Moving Violations
- Escheats and seizures



Imposition on Property Ownership

Characteristics

- A government **imposes** a requirement to provide resources
- On property ownership
 - Personal property
 - Real Property

Recognition

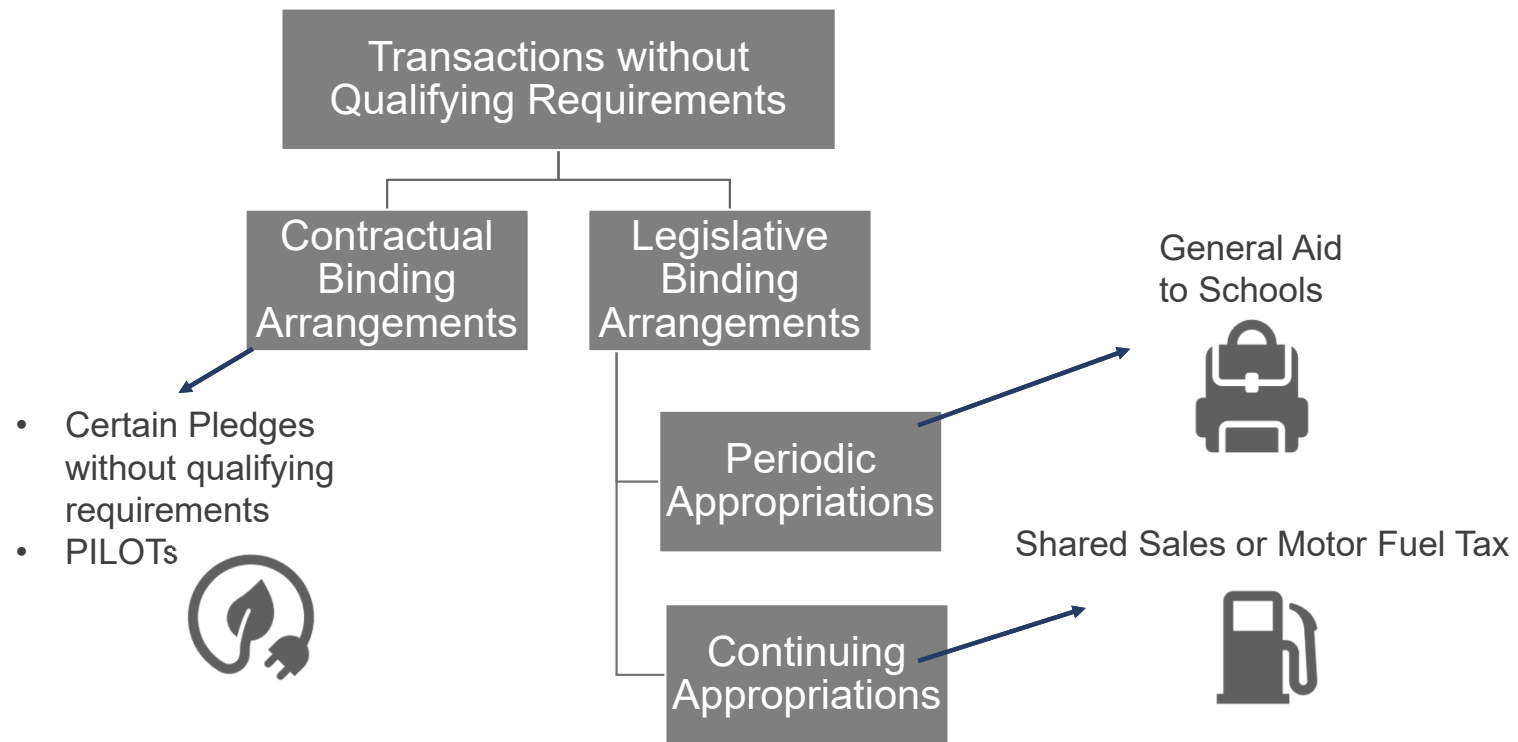
- **Receivable is recognized at the imposition date**
- A deferred inflow of resources is recognized if the imposition occurs before the fiscal period the tax is intended to fund
- Revenue is recognized in the fiscal period the tax is intended to fund

Examples

- Real Property Tax
- Personal Property Tax



Transactions without Qualifying Requirements— Examples



Transactions without Qualifying Requirements — Recognition

General Aid to Schools (Periodic Appropriation)

- The provider government has appropriated the resources.
- The period of the appropriation has begun, and
- The provider government intends to provide the resources.



Shared Revenue (Continuing Appropriation)

- Recipient recognizes the asset when the underlying transaction has occurred if:
- There is an appropriation (if required), and
- The provider government intends to provide the resources



Pledges (without Qualifying Requirements)

- Recognize a receivable when the government receives or becomes aware of the binding arrangement.
- If subject to time requirements, recognize a DIR.



Transactions with Qualifying Requirements—Proposed Clarifications

Characteristics

- Externally imposed conditions or conditions imposed by law that are required to be satisfied by the recipient before said recipient is entitled to the resources

Recognition

- Recipient recognizes a receivable when qualifying requirements are satisfied.

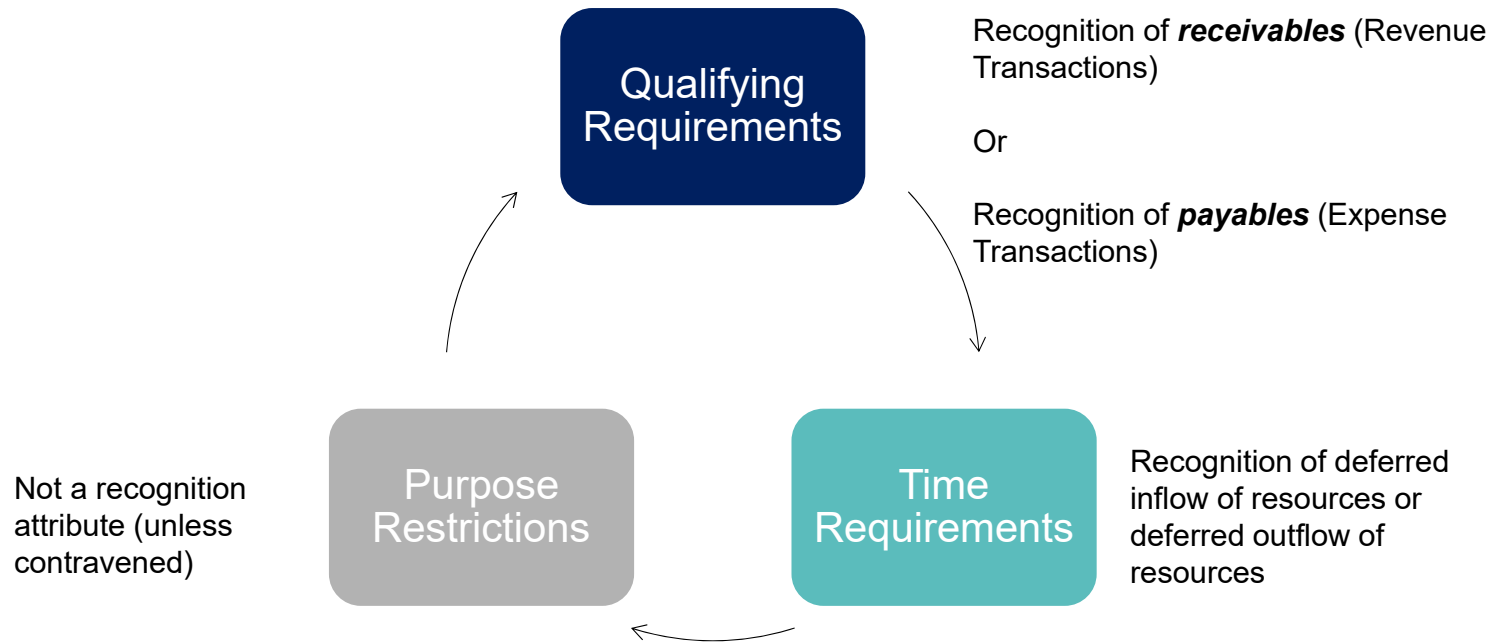
- *Terminology difference to communicate change in concept.*
- *Timing of cash does not determine the type of transaction (no longer identified as “reimbursement based”).*
- ***Exercise of professional judgement remains a necessary step to determine if a transaction includes qualifying requirements.***

Tentative Decisions about Qualifying Requirements

Administrative Requirements	• Filing reports or reimbursement requests	
Qualifying Costs	• Incurrence of cost in compliance with all other applicable requirements	☑
Other Qualifying Requirements	• Actions of the government not associated with costs, for example, outputs or outcomes	☑
Post Grant Compliance Requirements	• Capital maintenance, purpose of the capital asset, prevailing wages	

A receivable (for the recipient) is recognized when the government has complied with either qualifying costs requirements or other qualifying requirements.

Transactions with Qualifying Requirements—Clarifications



Purpose Restrictions and Time Requirements

Purpose Restrictions

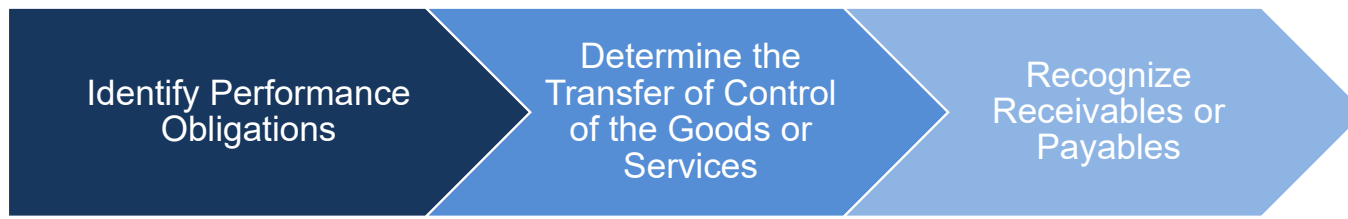
- Externally imposed or imposed by law that limits the activities or programs for which resources can be deployed
 - Not a recognition attribute
 - Not self-imposed
 - Can simultaneously exist with qualifying requirements
- Motor fuel tax

Time Requirements

- Externally imposed or imposed by law that establish the period or periods when the use (sale, disbursement, or consumption) of resources may begin or should end.
 - A recognition attribute that establishes the existence of a deferral
 - Neither permanent constraint nor self-imposed
 - Not appropriations nor performance periods
- For example, property taxes to fund a specific fiscal period.

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Proposed Recognition Principles for Category A Transactions



Performance obligations are distinct goods and/or services identified in the transaction

(Recognition unit of account)

Goods or services are assets that are transferred either at a point in time or over time

(Pattern of transfer of control)

Revenues (expenses) are recognized along with the corresponding receivable (payable)

(Conceptual underpinnings)

Criteria for Identifying Performance Obligations

Service capacity of the good or service can be obtained by being:

1. Combined with readily available resources
2. Used, consumed, or sold

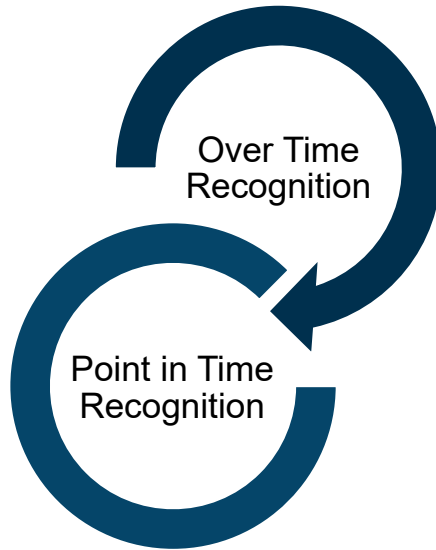
Goods and services are separately identifiable within the context of the transaction. Indications that they are NOT separately identifiable:

1. Significant integration
2. Significant customization
3. Highly interrelated

Goods and/or services may be combined into bundles, or a transaction may result in a single performance obligation.

Category A Revenue Recognition: Over Time or Point in Time

Criteria for Recognition Over Time

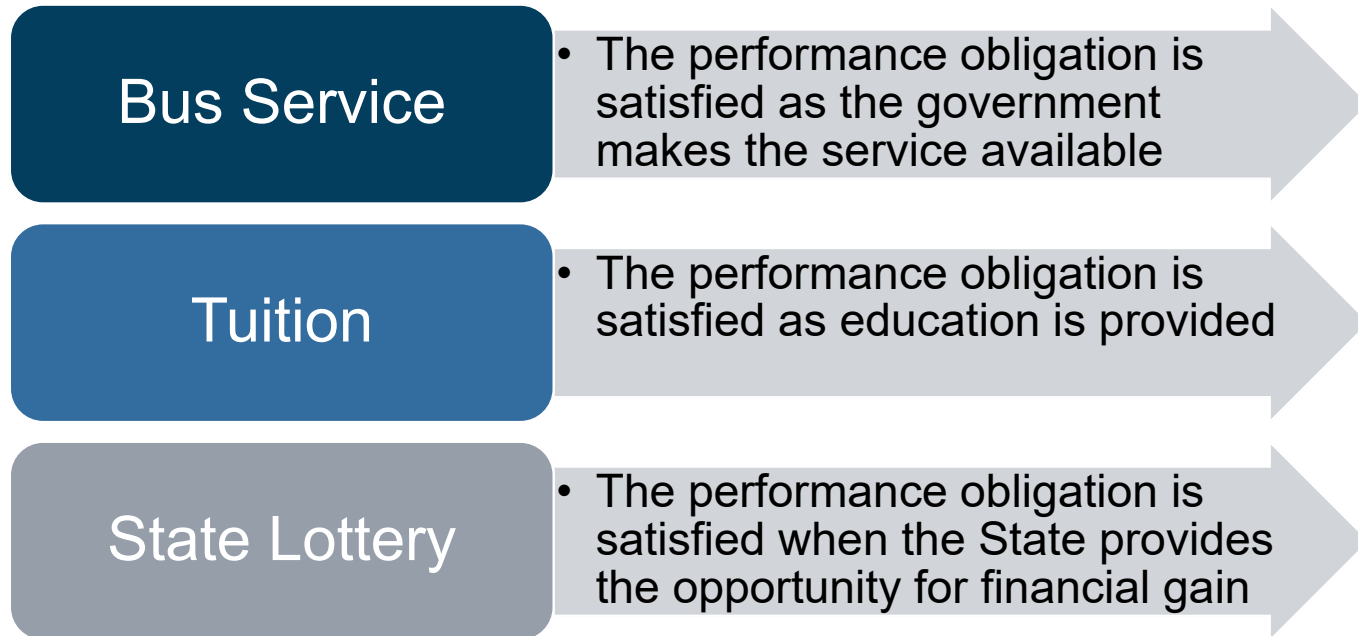


Criterion 1	Criterion 2	Criterion 3
<ul style="list-style-type: none">• Simultaneous consumption• Example: Electricity	<ul style="list-style-type: none">• Creates or enhances an asset• Example: Construction in progress	<ul style="list-style-type: none">• Creates a resource without an alternative use• Has right to payment• Example: Research work

- If one over time criterion is met, revenue is recognized over time.
- If no criterion is met, then recognition is at a point in time.

Category A Revenue Recognition Examples

A performance obligation is satisfied when there is a transfer of control of resources



Category A Expense Recognition Examples

A performance obligation is satisfied when there is a transfer of control of resources.
Expenses are assets even if only momentarily.

City orders supplies

- The performance obligation is satisfied when the city receives the supplies

School District hires CPA

- The performance obligation is satisfied as the CPA firm carries out the expected work, such as an audit

Public Utility employees

- The performance obligation is satisfied as the employees perform services over time

Measurement Methodology Overview



Measurement is a component of recognition



Measurement estimates are required to be developed to the extent practicable



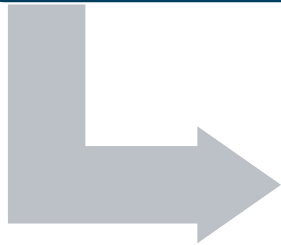
Measurement principles apply to Category A and Category B transactions*

*Unless otherwise noted

Measurement Approach: Allocated Amount

Determine the total binding arrangement amount

Rely on terms and conditions of a binding arrangement to determine the total amount of consideration described in the binding arrangement.

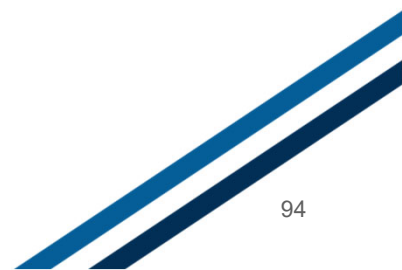


Allocate to each transaction in the binding arrangement

Binding arrangements may give rise to more than one transaction.



Allocate the transaction amount to the respective unit of account



Components of Consideration

Fixed
Consideration

Variable
Consideration

Financing
Component

Nonmonetary
Consideration

Contingent
Consideration

Pre-Agenda Research and Technology Projects



Pre-Agenda Research



Cybersecurity Risk Disclosures

Cybersecurity Risk Disclosures

What?

The GASB is determining whether additional guidance may be able to improve financial reporting with specific disclosures related to cybersecurity threats.

Why?

State and local governments are increasingly being exposed to cybersecurity threats.

When?

The Board added the research project to the technical plan in December 2024.

Cybersecurity Risk Disclosures—Objectives

This research effort had three objectives. To determine:

- The types of cybersecurity threats faced by state and local governments
- Whether and how cybersecurity threats are currently disclosed in the financial statements
- Whether financial reporting guidance has the potential to address user needs for this information

Cybersecurity Risk Disclosures—Methods

- Reviews of financial statements:
 - A sample of governments that had been victims of cybersecurity incidents
 - A sample of governments that had not
- Interviews of stakeholders (including individuals involved with cybersecurity efforts)
- Literature reviews:
 - Academic research
 - Professional publications
 - News articles related to cybersecurity incidents
 - Cybersecurity reporting requirements promulgated by the SEC and CISA
 - Standard-setting literature

Cybersecurity Risk Disclosures—Findings (Objective 1)

- Categories of the effects of cybersecurity incidents:
 - The theft of governmental resources through ransoms and other means
 - The theft of sensitive and confidential data held by governments
 - The disruption of the business operations or of services provided by governments
 - Reputational harm

- Governments have variability in the internal factors that affect the maturity of their cybersecurity posture and ability to withstand and respond to cybersecurity incidents.

Cybersecurity Risk Disclosures—Findings (Objective 2)

- Some state and local governments voluntarily provide information about cybersecurity in their financial statements.
 - Generally limited information about cybersecurity incidents and insurance.
 - Some of that information is provided in accordance with existing guidance on broader topics (for example, contingencies).
- The quantified impact of cybersecurity incidents generally appears to be relatively small in magnitude.

Cybersecurity Risk Disclosures—Findings (Objective 3)

- Users interviewed for the research indicated interest in information about a government’s cybersecurity (1) posture, (2) insurance, and (3) incidents.
- There are concerns that disclosing information about cybersecurity risks may increase the exposure governments already have to such risks (“**cybersecurity disclosure conflicts**”).
- Disclosure may be at odds with varying state legislation exempting such information from open public records requests.

Cybersecurity Risk Disclosures—Path Forward

- The project staff presented the research findings to the Board at the February 2026 meeting.
- The final research paper is available to the public on the GASB's website.
- The Board is to consider whether to add a project about cybersecurity to the current technical agenda at its May 2026 meeting.

Pension and OPEB Disclosures—Concepts Statement 7



Pension and OPEB Disclosures—Concepts Statement 7

What?

The GASB is evaluating required note disclosures in the pension and OPEB Statements through the lens of Concepts Statement 7.

Why?

Concepts Statement 7 was issued after the pension and OPEB Statements.

When?

The Board added the pre-agenda research in April 2025.

Pre-Agenda Research Activities

- Identify and catalog all existing pension and OPEB note disclosure requirements (plans and employers)
- Conduct research with users to identify whether they use existing note disclosures (to inform whether a breadth or depth of users use the information), and if so, how they use the information (to inform whether the information has a meaningful effect on their analysis for making decisions or assessing accountability)

Revenue and Expense Recognition—Note Disclosures

Revenue and Expense Recognition—Note Disclosures

What?

The GASB is evaluating the need for note disclosures associated with transactions that are in the scope of the revenue and expense recognition project.

Why?

Note disclosures were scoped out of the revenue and expense recognition project.

When?

The Board added the pre-agenda research in August 2024.

Research Activities

- Survey of users – to determine what information users need related to revenue and expense transactions in the scope of the revenue and expense recognition project to make decisions or assess accountability
- Focus groups – to further discuss the types of information identified in the user survey as being needed

Technology Project

Voluntary Digital Financial Reporting

Voluntary Digital Financial Reporting

What?

The GASB is developing one or more governmental digital taxonomies for GAAP financial reporting.

Why?

The taxonomies that may result from this effort could be used by governments on a voluntary basis to report their GAAP financial statements in digital formats.

When?

The Board added the technology project in December 2024.

GASB GAAP Taxonomy

Voluntary Digital Financial Reporting Project



Phase I

- Basic Financial Statements
- Required Supplementary Information



Phase II

- Supplementary Information

Basic Financial Statements:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

Required Supplementary Information:

- Management Discussion and Analysis (MD&A)
- Pensions and OPEB Schedules
- Infrastructure Schedule
- Budgetary Schedules

Post-Implementation Review (PIR)



What is PIR?

The GASB monitors and supports implementation of all of its pronouncements.

For Statements resulting from comprehensive projects and major projects that address a fundamental aspect of the standards, the GASB also:

Examines a random sample of financial reports for the year prior to, year of, and year after implementation.

Collects information from their preparers regarding staff hours and nonstaff costs for those three years.

Examines financial reports for the same random sample in the fifth year of implementation.

Conducts stakeholder roundtables and surveys regarding their experience with the standards.

Reports the findings publicly.

Why does the GASB conduct PIRs?

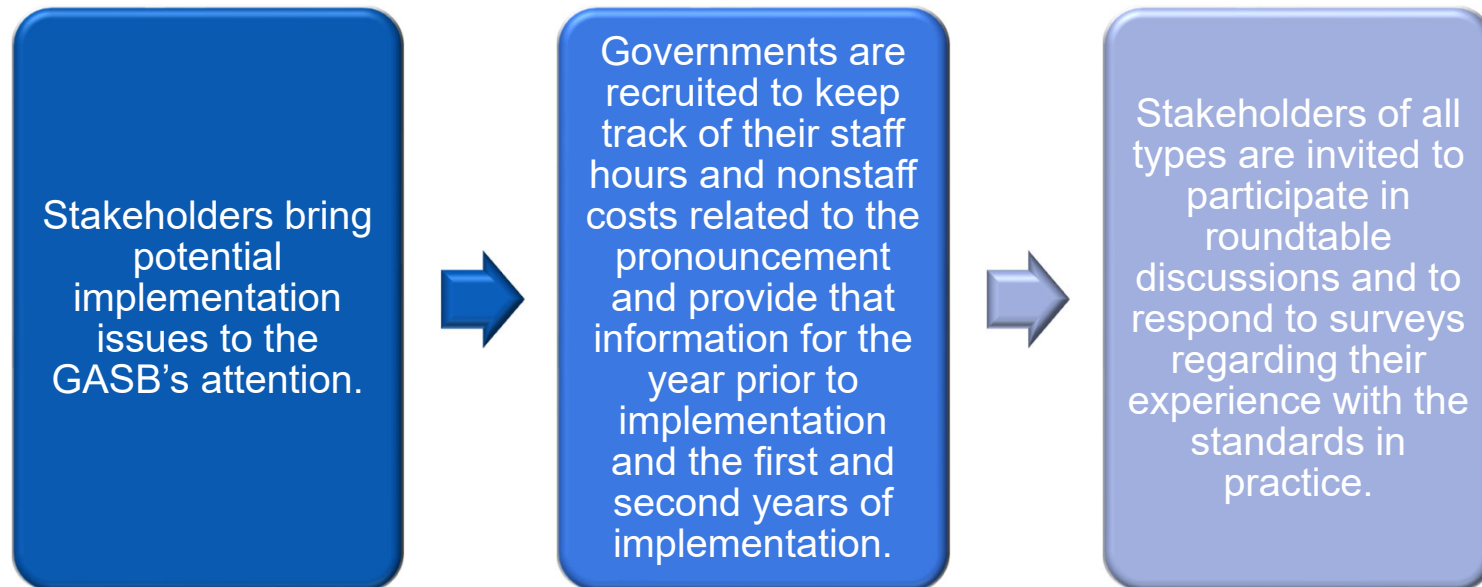
To provide general support to stakeholders when implementing significant new pronouncements

To identify and address practice issues that arise

To answer technical inquiries from stakeholders and develop and publish Q&A implementation guidance

To collect timely information that the Board can use to evaluate cost-benefit considerations as it develops other pronouncements and when it reexamines the standards in the future

How does the GASB involve stakeholders in PIR?



Which Statements Are under Review?

Statement 75—Employer Reporting for Other Postemployment Benefits (OPEB)

Statement 84—Fiduciary Activities

Statement 87—Leases

What is the status of the PIRs?

OPEB	Final report being drafted. Expected to be discussed with the Board at their December 2026 meeting.
Fiduciary activities	Collection of implementation effort and cost information completed; archival data collection completed. Surveys expected in 2026.
Leases	Collection of implementation effort and cost information completed; archival data collection has begun

Questions?



Visit www.gasb.org



Thank You





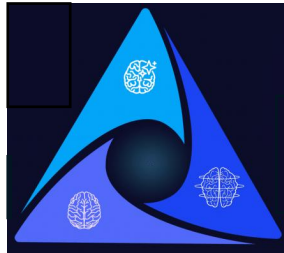
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IOWA SOCIETY OF CPAs

IOWA GOVERNMENTAL ROUNDTABLE

May 12 | Live Virtual Conference | 9 hrs CPE

Streamlining Processes with AI and RPA

Mac McClelland



K2's Streamlining Processes with AI and Robotic Process Automation

L A McClelland
K2 Enterprises

Lawrence A. McClelland, MBA, JD



- Over forty years of experience conducting CPE in the US, Canada, Europe, and Australasia
- Regular speaker at the annual technology conferences in over 20 US states
- Has an established practice in data analysis and reporting, and business and technology advising
- Published in Journal of Accounting Research, Journal of Accounting Education, Tax Ideas and others

Link to Latest Slideshow And Demo Files

<https://tinyurl.com/IAGov2026>

Description

Discover how artificial intelligence (AI) and robotic process automation (RPA) is transforming the accounting profession in this dynamic, intermediate-level session. This session explores how AI-powered tools can streamline workflows, enhance data analysis, and improve staff productivity. Learn how to harness AI and RPA to automate tasks, generate financial insights, and collaborate and communicate more effectively, while maintaining compliance and data integrity. These tools can automate a wide spectrum of accounting and finance work in a governmental setting – from routine data entry and reconciliations to complex forecasting, compliance workflows, specialized reporting, and continuous audit tasks – by chaining actions, extracting reasoning and information from documents, and interacting with systems autonomously. Regardless of your role, this course will equip you with practical strategies to integrate AI and RPA into your daily work and prepare you for the future of intelligent accounting.

Learning Objectives

- Identify features of AI and RPA that enhance productivity for accounting and financial professionals
- Determine how to use AI and RPA to automate routine accounting tasks such as data analysis, financial reporting, and reconciliation
- Analyze the benefits and limitations of integrating AI and RPA into existing accounting workflows, including considerations for data security and compliance
- Apply AI tools to interpret financial data and generate insights that support decision-making and strategic planning
- Determine the potential impact of AI-driven tools on the future of the accounting profession, including ethical considerations and evolving skill requirements

Overview Of Session

- Generative AI, Agentic AI, and Robotic Process Automation – what's the differences?
- Incorporating AI and RPA with your office productivity suite
- Using AI and RPA to automate routine and not-so-routine tasks and assignments
- Identifying key privacy and security concerns of using AI
- Understanding and deploying Agentic AI

What Are The Differences?

- Robotic Process Automation (RPA) mimics human interaction with digital systems to automate repetitive, structured tasks using predefined rules
- Generative AI creates new content such as text, images, and code by leveraging large-scale machine learning models
- Agentic AI autonomously plans, reasons, and adapts to achieve goals by choosing tools and modifying behavior

What Are The Differences?

Dimension	RPA	Generative AI	Agentic AI
Primary purpose	Automate repetitive tasks	Generate and reason over content	Achieve goals through autonomous action
Nature of work	Deterministic, procedural	Probabilistic, creative	Adaptive, goal-oriented
Decision-making	None – rules only	Limited – statistical reasoning	Yes (planning, prioritization, tool selection)
Handles unstructured data?	Poorly	Very well	Very well
Learns over time?	No	Yes – at the model-level	Yes (via feedback + memory)
Autonomy level	Task execution only	Responds to prompts	Operates with minimal human intervention
Typical use case	Invoice processing, data migration	Writing email, code, summaries, creating images	End-to-end business processes, research agents, personal assistants
Typical tools	UiPath, Power Automate, Blue Prism, Automation Anywhere	GPT-4/5-class models, Claude, Gemini	Auto-GPT-like agents, Copilot Studio agents, LangGraph and LangChain agents

Bottom Line

RPA automates tasks, Generative AI creates content based on learned patterns, and Agentic AI delivers autonomous outcomes by combining both.

All three together = Hyperautomation

Robotic Process Automation

- Rule-based software "robots" that mimic human actions on existing user interfaces – clicking buttons, copying and pasting, filling forms, and extracting data from spreadsheets or legacy systems
- Excellent for high-volume, repetitive, structured tasks
- Reliable, rapid ROI, works with legacy systems without APIs, auditable, low code
- Breaks easily with UI changes, cannot handle exceptions or unstructured data well, and has no decision intelligence

Microsoft Office based RPA functionality

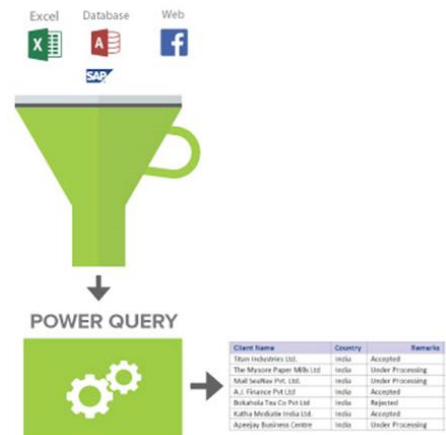
- Power Query to cleanup data repetitively and pass it through to tables, reports, or charts in Excel or Power BI
 - Users employ a graphical interface to "show" Power Query how to cleanup the data and it writes the code behind the scenes
 - Advanced users may write or modify code
- VBA Macros – recorded or manually coded
- Office Scripts – recorded or manually coded



POWER QUERY AS AN RPA TOOL

Power Query

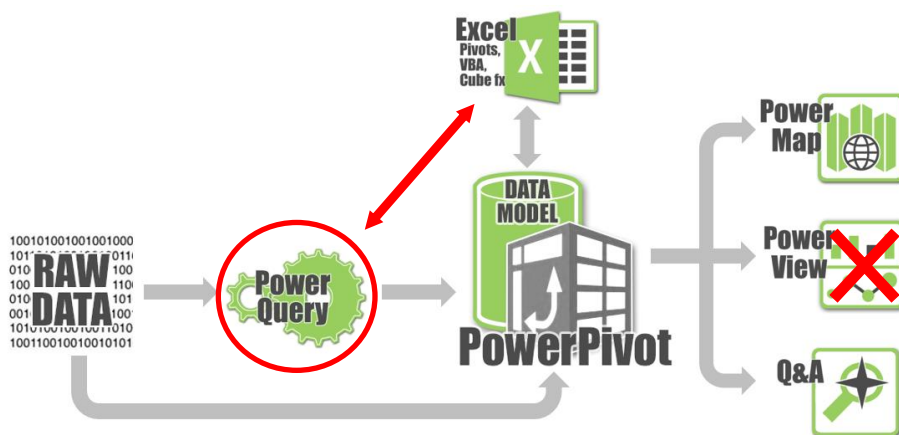
- Power Query allows a user to connect and retrieve data from external data sources, such as a workbooks or CSV files, databases, a SharePoint list, or from the web
- Steps to access, retrieve, and cleanup the data are retained and can be used for future updates
- A user merely refreshes the query to fetch new or changed records and update their reports



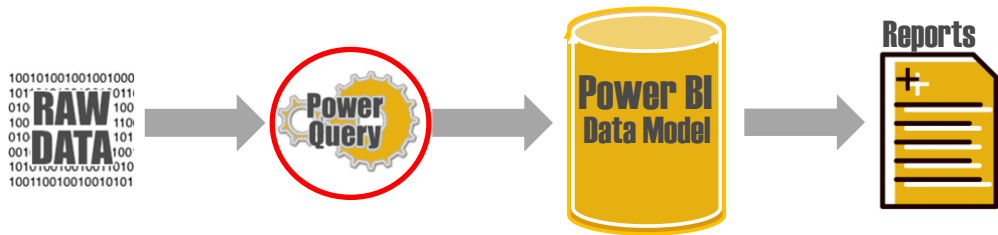
Power Query Advantages

- No need to write code
 - Use a graphical tool to show Power Query what transformations need to be done, and it writes the code behind the scenes
- Automated repeatable process once the query is created
- Original data is preserved during the process
- Power Query has the same interface and functionality in both Excel and Power BI

Power Query and the Excel Data Model



Power Query and Power BI



Why Power Query?

- Import data from any database, workbook, or website
- Import a folder of workbooks in a single operation
- Cleanup data before importing it into Excel
- Create new or remove existing columns from data
- Resort, change data types, or filter data into any format
- Pivot or unpivot data, or group data into a custom order
- Split data into separate columns or combine data into new columns

Why Power Query?

- Transforms raw data into a refined format, enhancing its usability for analysis and reporting
- Enables data from multiple sources to be combined, creating a comprehensive data set for analysis
- Allows for automation of data refresh and transformation tasks, saving time and ensuring data accuracy
- Includes an intuitive, user-friendly interface that makes complex data manipulations accessible to non-technical users
- Robust filtering options help pinpoint specific data, streamlining the analysis process



OFFICE SCRIPTS AS RPA TOOLS

Think of Scripts as the new macros in Microsoft Office, but with many benefits over traditional VBA macros.

Scripts and Macros Compared

Office Scripts	VBA Macros
Enable secure, cross platform, cloud solutions	Enable desktop solutions
Work on any platform that supports JavaScript	Work only on the Windows platform
Work with Office for the web apps	Work only with Windows desktop applications
Can only access a workbook	Can access a desktop machine, its files, and folders
Script functionality can be controlled globally	Macro functionality is controlled at the desktop
Can be shared <u>within</u> an organization	Can be shared within or without an organization
Scripts may be stored in OneDrive, SharePoint, or Teams	Macros are stored on the local machine
Can be executed by Power Automate flows	Macros do not integrate with Power Automate

Office Scripts Overview

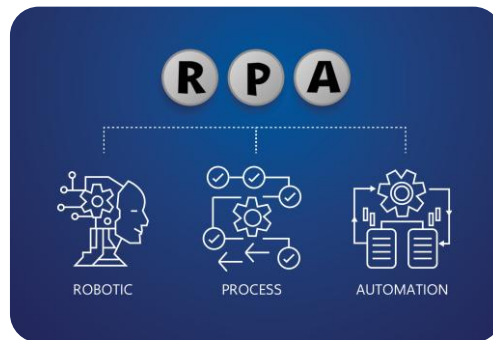
- Written in TypeScript, a superset of JavaScript
 - Free-form runtime system, object-oriented, case-sensitive, and uses the Unicode character set
- Scripts can be created, shared, and run on any supported platform – Windows, Mac, Linux, iOS, and Android
- Scripts can be run in a browser, which means they are more accessible and portable
- Scripts work with the Office for the web apps and can make application calls to other web services

Office Scripts Not Universally Available

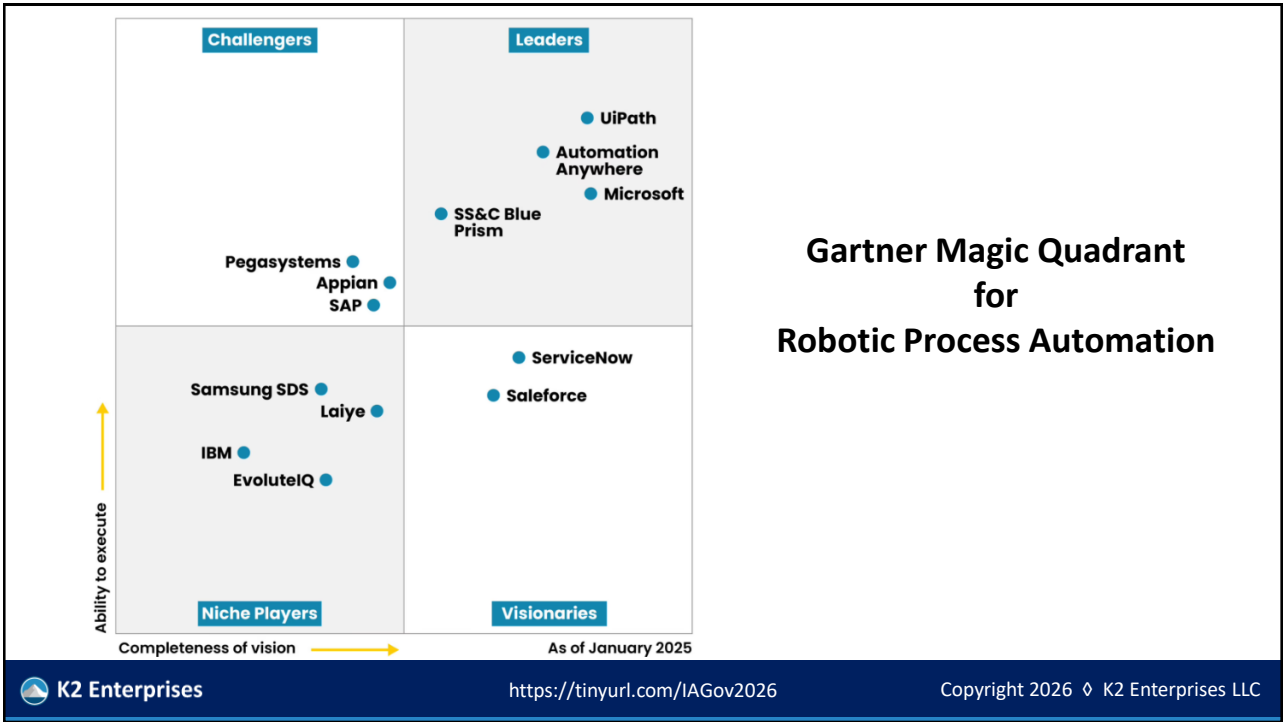
- Not available in consumer or government subscriptions to Microsoft 365
- Not available in perpetual licenses to the Microsoft Office desktop applications
- Workbooks opened in Compatibility Mode do not support Office Scripts
- Office Scripts can be limited or prohibited by:
 - Microsoft 365 global administrative settings
 - Group Policy settings
- Third-party cookies *must* be enabled to show the Automate tab in Excel for the web

Use Copilot to Create Scripts

- Generative AI tools like Microsoft Copilot are generally available and accessible
- Forward-thinking accountants can use these tools to generate more complex scripts that require conditional branching or processing loops
- Users need not have any prior knowledge of TypeScript or its coding constructs
- The critical skill necessary to employ AI tools in this scenario is the ability to articulate the problem and adequately describe the desired results



ROBOTIC PROCESS AUTOMATION TOOLS



Power Automate

- Power Automate can create event-triggered dataflows between hundreds of applications
- Business logic can be added to a data workflow using a low-code or no-code process
- Power Automate Desktop is a robotic process automation tool, which uses an action recorder and replay engine like the Action Recorder in Excel, but RPA can be run across almost any application or transfer data between most applications in Windows 11



Key Terms And Concepts

- **Triggers** – Events that are used to start automated processes
- **Connectors** – Software components that retrieve from another application or store data in another application
- **Flows** – Business processes with programmable logic to assist users and organizations by automating the routing and approval of transactions
- **Expressions** – Low-code or no-code functions are libraries that help end users call libraries of code to transform the format in which information is stored within a Flow

Event Triggers

- Common triggers include:
 - A new item is added to SharePoint list
 - A new e-mail or text message arrives
 - Someone fills out and submits a web form
 - An invoice is created in QuickBooks
 - Someone interacts with one of your posts on social media
 - A specific time is reached each day
- Triggers are the "lightning" that causes Power Automate to execute a workflow

Power Automate

Cloud Flows

- Trigger automation instantly, based on a defined "trigger" or a schedule

Desktop Flows

- Use robotic process automation to perform repetitive tasks with legacy Windows applications

Business Process Flows

- Provide automation and execution of business logic associated with business processes

Office Script Execution

- Office Scripts can be called by Flows in Power Automate
- Allows users to fully automate repetitive tasks to reduce errors and improve productivity
- The simplest implementation of this functionality is to use Power Automate to schedule a Script to run in Excel
- More complex workflows, such as generating and distributing a custom financial report each week, are easily accomplished

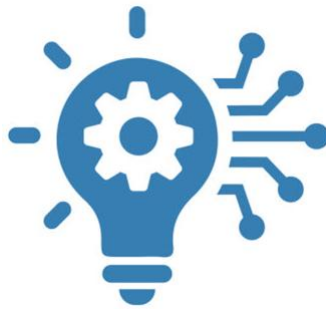
Automating Business Processes

- With the advent of low code and no code applications, automation can be introduced to businesses of all sizes, often with limited IT assistance
- Successful efforts usually require a combination of:
 - Document management
 - Workflow management
 - Change management
- Often tackled as part of a document management initiative, initial efforts frequently fail miserably, and people often give up

Automation Efforts

Some of the challenges of automating business processes include:

- Employee and customer resistance to change
- Integration with existing legacy systems (RPA may be a workaround)
- Cost and commitment after setbacks
- Complexity of efforts and availability of IT support
- Data security and privacy



GENERATIVE AI

Generative AI is a type of artificial intelligence that can create new content – text, images, audio, video, code, etc. – by learning patterns from vast amounts of existing data. Unlike traditional AI that classifies or predicts, generative AI produces original outputs in response to natural language prompts.

GenAI Foundations

Training	A deep learning foundation model is trained on massive datasets — text, images, etc. — to learn statistical patterns and relationships
Tuning	The foundation model is fine-tuned for specific applications, such as chat, code generation, or image creation
Generation	The model produces new content by predicting the most probable next word, pixel, or note based on what it has learned

Common GenAi Architectures

- Transformers – are used by text generators, such as ChatGPT, Claude, Copilot, and Gemini. They process sequences of tokens in parallel using an attention mechanism to weigh word importance
- Diffusion models – are used by image generators, such as DALL-E, Midjourney, and Stable Diffusion. They learn to reverse a noise-adding process to create coherent images from random noise

Leading GenAI Platforms

Platform	Developer	Primary Strengths
ChatGPT	OpenAI	Conversational text, code, reasoning
Microsoft Copilot	Microsoft	Deep M365 integration, enterprise security
Gemini	Google	Multimodal, Google Workspace integration
Claude	Anthropic	Long-context reasoning, safety focus
DALL-E / Midjourney	OpenAI / Midjourney	Text-to-image generation

Practical Applications

- Automating routine tasks – drafting emails, creating first drafts of documents or reports
- Customer service – chatbots and virtual assistants for faster, more accurate responses
- Research and analysis – summarizing financial statements, identifying trends, comparing options
- Content creation – generating reports, presentations, training materials, and marketing copy
- Code generation – writing scripts, automating workflows, building budgeting and forecasting models

Keys Risks in Using GenAI

- Hallucinations – AI can generate plausible but incorrect information
- Copyright and IP concerns – models trained on copyrighted works raise legal issues
- Data privacy and security – sensitive data entered in prompts to AI tools may be exposed
- Bias – outputs can reflect biases present in training data
- Deepfakes and misinformation – significant potential for misuse in generating deceptive content

Data Security and Privacy Risks

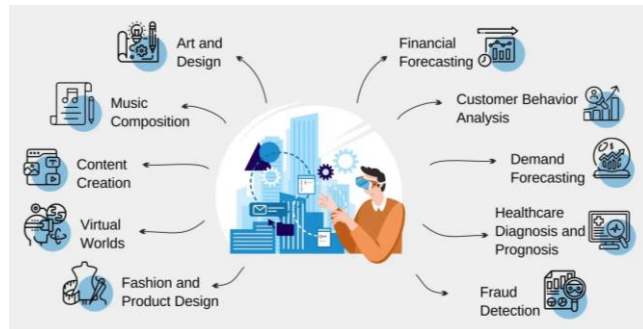
- Users should be very cautious about the privacy and security of your data with most AI platforms
- Users should be concerned about whether AI platforms ingest your prompts and your data into their LLMs
- This presents a serious data privacy and security concerns for you and your organization
- Note that Copilot is deployed inside your Microsoft 365 tenant, which provides a wall around your data and policies

Copilot Data Privacy and Security

- Your prompts, Copilot's responses, and any data Copilot accesses are not used to train the foundation AI models used by Microsoft 365 Copilot
- Data processed by Copilot stays within your 365 tenant
- Role-based access control is available
- Copilot honors sensitivity labels, encryption, and Data Loss Prevention policies established in Purview
- Copilot only surfaces content for which users already have access in Microsoft 365
- All Copilot interactions are logged and can be reviewed in the Microsoft 365 Compliance Center
- Subscribing companies retain complete control of their data

Copilot Data Privacy and Security

- Your prompts, Copilot's responses, and any data Copilot accesses aren't used to train the foundation AI models used by Microsoft 365 Copilot
- Copilot respects your organization's existing permissions so it only surfaces content for which users already have access in Microsoft 365
- Copilot is covered by Microsoft 365 security and compliance controls – identity, auditing, eDiscovery, retention, sensitivity labels and DLP – depending on your configuration
- Copilot interaction data is stored based on your tenant's geography and any Advanced Data Residency or Multi-Geo configuration



USING GENERATIVE AI EFFECTIVELY

Keys Skills For Using GenAI

- Using generative AI effectively requires two essential skills:
 1. Prompt engineering – the ability to provide clear and structured instructions to the AI engine
 2. Output evaluation – the ability to understand, evaluate, and verify the results of a prompt to refine, challenge, and iterate
- Mastery requires combining both in an iterative workflow

What Can We Do With Prompts?

- AI prompts can be used to perform one or more tasks, such as:
 - Creating text passages or entire documents
 - Performing research on technical topics such as accounting and auditing standards or tax laws
 - Generating charts, graphs, and pictures
 - Writing computer programming code
 - Analyzing a tax return or set of financial statements
 - Format data or reports

The only constraint is your imagination!

Four Key Elements Of A Prompt

 Task to perform

 Context

 Specific expectations

 Desired output

Prompt Engineering

Element	Weak	Strong
Clarity	"Analyze this data"	"Summarize trends in revenue by quarter and highlight anomalies >10%"
Context	None	"For a municipal finance report..."
Constraints	None	"Limit to 5 bullet points, include % changes"
Role	None	"Act as a CPA reviewing financial performance"

A Fully Qualified Prompt

- *Create a customer feedback summary report based on the customer satisfaction scores for 2024. Identify key trends in the data, assess overall customer sentiment, and list any recurring issues or instances of exceptional performance.*
- The example above is considered an "uber" prompt... a lengthy prompt that includes a full description of what is needed in the answer from the AI platform

Alternative – Use Sequential Prompts

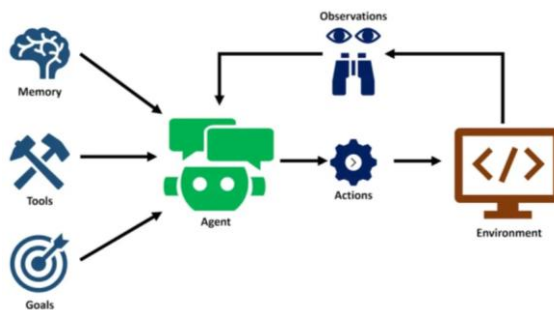
- The previous slide illustrated a fully qualified prompt – one that contained all four elements: 1) task to perform, 2) context, 3) specific expectations, and 4) desired output
- Alternatively, the user could issue them as four separate, sequential prompts
- Short, separate, sequential prompts allow users to preview and verify each set of results before moving on to the next prompt
- For users who are new to the concept of issuing AI prompts, this method might be the best way to get started

Prompt Checklist

1. Specify the role
2. Define the task clearly
3. Include context or data
4. Set the format or output structure
5. Add constraints on the length, tone, and scope
6. Provide examples if available
7. Review, evaluate, and validate the results
8. Refine and re-prompt

Generative AI Summary

- Writing AI prompts need not be intimidating
- Following a few simple guidelines – be direct, provide clear instructions and expectations, use examples, specify formatting and filters, provide context, indicate constraints, and verify outputs – will ensure that you are using AI tools efficiently and effectively
- Make sure to exercise appropriate professional judgement regarding Gen AI outputs; remember, you're ultimately accountable!



AGENTIC AI

What Is Agentic AI?

- Agentic AI refers to AI systems designed to act as autonomous or semi-autonomous agents that can set goals, plan actions, make decisions, use tools, and adapt based on outcomes—often with minimal human intervention
- Unlike traditional automation or one-off AI prompts, agentic AI operates continuously over time, coordinating multiple steps and decisions to achieve an objective

Leading Agentic AI Platforms

Platform	Primary Strength	Typical Use Cases
Google Gemini Enterprise Agent	End-to-end enterprise agent lifecycle (build, deploy, govern)	Cross-functional enterprise agents, autonomous operations
Microsoft Copilot Studio + Semantic Kernel (Agents)	Agentic capabilities embedded into M365 and Azure	Finance, HR, IT, government workflows
UiPath Agentic Automation	Agentic process automation + RPA	Finance ops, shared services, compliance
Automation Anywhere	Enterprise workflow orchestration with AI decisioning	Order-to-cash, onboarding, regulatory workflows
Adobe CX Enterprise	Brand-safe, governed customer experience agents	Marketing ops, personalization, customer experience automation
Kore.ai Agent Platform	Scalable agent governance across customer and employee experience automation	Customer service, employee service desks

Automation Characteristics

AI Type	Core Function	Action
Rules-Based Automation / RPA	Executes predefined steps	Auto-mailing a report
Generative AI	Produces content on request	Drafting a memo or policy
Agentic AI	Plans, decides, acts, and iterates	Monitoring budgets and proposing corrective actions

Core Capabilities

- Goal-oriented behavior – works toward defined outcomes, such as "ensure budget compliance"
- Planning and reasoning – breaks goals into tasks and sequences the tasks for processing
- Tool use – calls APIs, databases, spreadsheets, and document systems
- State awareness – remembers what has been done and why
- Feedback loops – adjusts actions based on results

Common Terms

- Agent – the AI entity performing the actions
- Orchestration – coordination of multiple agents or tools
- Human-In-The-Loop (HITL) – provide explicit approval points in the process
- Autonomy level – the degree of independent action permitted by the agent
- Guardrails – constraints, policies, and permissions governing agent behavior

Considerations Before Adoption

- Scope control – clearly define what the agent can and cannot do
- Authorization and accountability – who approves actions and who is responsible for errors
- Data governance – access to finance and HR records requires alignment with public records laws, privacy rules, and retention schedules
- Explainability – public sector decisions require transparency, clear documentation, and defensible actions
- Change management – staff must understand agent's role, when to intervene, and when to override or pause the agent

Key Risks

- Operational risks – over-automation, error amplification, and tool misuse
- Governance and legal risks – policy violations, public trust issues, and compliance exposure
- Security risks – privilege creep, instruction injection, and unauthorized data disclosure
- Ethical and workforce risks – role confusion, and negative impact on staff skillset

Governmental Usage Scenarios

- Budget monitoring and fiscal oversight
- Grant management
- Procurement and contract administration
- Policy and local ordinance lifecycle support
- Public works and asset management
- Clerk, records, and FOIA support

Best-Practice Starting Point

1. Start with advisory agents, not autonomous agents
2. Keep humans in approval loops
3. Limit tool permissions to just those systems required
4. Log every decision and action taken
5. Pilot agents in low-risk areas, such as budget reviews, reporting, and scheduling

Mapping to GASB Function

GASB / Gov't Function	RPA	Generative AI	Agentic AI
General Ledger and Close	✔ Strong fit	⚠ Limited	⚠ Emerging / high-control
Budgeting and Forecasting	⚠ Limited	✔ Strong fit	✔ Strong (advisory)
Financial Reporting (ACFR)	✔ Strong fit	✔ Strong fit	⚠ Emerging
Grants Management	✔ Strong fit	✔ Strong fit	✔ Strong
Procurement and A/P	✔ Strong fit	⚠ Limited	✔ Strong (controlled)
Capital Assets / Depreciation	✔ Strong fit	⚠ Limited	⚠ Emerging
Internal Controls and Compliance	✔ Strong fit	⚠ Limited	✔ Strong
Cash and Treasury	✔ Strong fit	⚠ Limited	⚠ Emerging
Clerk / Records / FOIA	⚠ Limited	✔ Strong fit	✔ Strong
Policy and Ordinance Management	✘ Weak	✔ Strong fit	✔ Strong
Management Analysis (MD&A)	✘ Weak	✔ Strong fit	⚠ Emerging

Agentic AI Case Study

- Mt. Lebanon, PA – AI-enabled AP processing
 - Ingests invoices
 - Extracts fields and codes them
 - Routes for approval
 - Integrates with the city's ERP
 - Reduces cycle time from a week+ to 1-2 days
- Replaced a paper-bound, manual workflow in the finance department
- Humans still approve payments, but the AI initiates, routes, and tracks the work end-to-end

Agentic AI Case Study

- City of Kyle, TX – AI-Driven 311 Service Agent
 - Receives service requests via mobile app, phone, or text
 - Classifies the issue (pothole, streetlight, water leak)
 - Routes the request to the correct department
 - Provides residents with timelines and status updates
 - Closes tickets automatically when confirmation is received
- 90% of requests resolved on the first interaction, most requests are resolved in under 2.5 days, and delivers a demonstrated net cost savings within the first year

QUESTIONS?

L A McClelland
mac@k2e.com





iscpa
IOWA SOCIETY OF CPAs

IOWA GOVERNMENTAL ROUNDTABLE

May 12 | Live Virtual Conference | 9 hrs CPE

Single Audit Update

Melisa Galasso

2026 Single Audit Update

May 12, 2026

Galasso Learning Solutions ©2026

1

About Your Instructor



Melisa Galasso
CPA, CGMA, CSP, CPTD

Melisa is the award-winning Founder & CEO of Galasso Learning Solutions - a premier, full-service provider of high-quality continuing professional education for CPAs. With over 20+ years of experience, Melisa has become a nationally recognized accounting & auditing standards authority, adult learning theory expert, and author trusted by CPA firms, governments, and organizations to deliver engaging, effective learning experiences.



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2

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Official positions of standard setters are determined through certain specific committee procedures, due process, and extensive deliberation.


Application of accounting and auditing principles is the responsibility of an organization's management and their independent public accountant.


3

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Agenda

- 2024 Uniform Guidance Update
- GAS Guide Update
- Proposed Changes to DCF
- Proposed Changes to FAC
- EO for Grants
- OMB Memo
- Other Changes of Note



 GALASSO
LEARNING SOLUTIONS

4

4

Learning Objectives

1. Recall quality management requirements under the 2024 Yellow Book
2. Identify changes to the effective date of the 2024 Yellow Book
3. Recognize recent updates to the Green Book affecting internal control considerations
4. Recognize the impact of the 2024 Uniform Guidance changes on Single Audits
5. Identify changes in Appendix B of the AICPA GAS/Single Audit Guide affecting Single Audit engagements
6. Recall key changes introduced through recent OMB memoranda relevant to Single Audits



5

2024 Uniform Guidance Update



6

Background

2024 Uniform Guidance

- Issued: April 2024
- Background:
 - 2 CFR 200.109 requires updating every 5 years
 - Proposal issued October 2023

7

Purpose

- OMB is revising its guidance in 2 CFR for the purpose of:
 - Incorporating statutory requirements and administration priorities
 - Reducing agency and recipient burden
 - Clarifying sections that recipients or agencies have interpreted in different ways
 - Rewriting applicable sections in plain language, improving flow, and addressing inconsistent use of terms within the guidance

8

Audit Changes

- The threshold for audit has been increased from \$750,000 to \$1 million
- The Type A threshold has been increased to \$1 million and the amount of awards expended for which it applies has been increased from \$25 million to \$34 million

9

Indirect Cost Rate

- Raises the de minimis indirect cost rate from 10% to 15%



10

FAQ

Can an entity with a NICRA switch to the de minimis rate going forward?

Answer: Yes, once the NICRA expires. The 2024 UG 200.414(f) states that “Recipients and subrecipients that do not have a current Federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate...”



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FAQ

Can I apply the 15% to existing Awards?

Answer: Federal agencies may allow a recipient to apply the 15% de minimis rate to an existing award if the agency determines that there are sufficient funds to support the 15% de minimis rate.

In these instances, the recipient must charge the 15% de minimis rate **only to costs incurred after the effective date of the amendment** to implement the 15% de minimis rate. Recipients **may not retroactively** apply the de minimis rate to costs incurred prior to the effective date of the amendment.



12

Questioned Costs

- The questioned costs definition has been revised and examples have been provided to help provide further clarification
 - Including moving definitions of likely and known questioned costs from Subpart F to Subpart A
- Requires that when there are known questioned costs but the dollar amount is undetermined or not reported, a description of why the dollar amount was undetermined or otherwise could not be reported

13

Equipment vs. Supplies

- Raises equipment and supply thresholds from \$5,000 to \$10,000



14

NOFO

- Revises the template text for a Notice of Funding Opportunity (NOFO)

15

Internal Controls

- Added cybersecurity considerations to internal controls regarding safeguarding information

16

Procurement

- Adds “veteran-owned business” to the types of businesses that recipients and subrecipients are encouraged to consider for procurement contracts under a Federal award
- Clarifies that micro-purchase is referring to an individual procurement transaction
- Removes prohibition of the use of statutorily or administratively imposed state, local, or tribal geographical preference

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Procurement Cont'd

- Expressly **does not prohibit** using Project Labor Agreements (PLAs) or similar forms of pre-hire collective bargaining agreements; or requiring construction contractors to use hiring preferences or goals for people residing in high-poverty areas, disadvantaged communities or requiring a contractor to use hiring preferences or goals for individuals with barriers to employment

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Procurement Cont'd

- Allows Indian Tribes to have similar exception to procurement rules as States

19

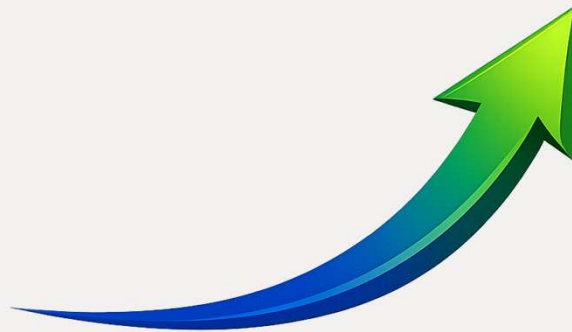
Subrecipient Monitoring

- Includes a requirement for PTEs to confirm that potential subrecipients are not suspended, debarred, or otherwise excluded from receiving Federal funds

20

Fixed Amount Awards

- Doubled the thresholds for fixed amount awards to \$500,000



Pensions

- Clarified that recipients and subrecipients may not charge unfunded pension and post-retirement health benefits to an award

Prior Approvals

- Removed some prior approval requirements
 - § 200.201 Use of grant agreements
 - § 200.311 Real Property
 - § 200.313 Equipment
 - § 200.413 Direct costs, paragraph (c)
 - § 200.438 Entertainment costs
 - § 200.454 Memberships, subscriptions, and professional activity costs, paragraph (c)
 - § 200.456 Participant support costs
 - § 200.467 Selling and marketing costs
 - § 200.470 Taxes (including Value Added Tax)

23

Terminology

- Throughout subparts A – E of the regulation the use of the term non-federal entity has been replaced with recipient and/or subrecipient
 - Subpart F, Audit Requirements, retains the use of the non-federal entity term to maintain alignment with the statutory provisions of the Single Audit Act

24

Terminology Cont'd

- Added the term **“for-profit organizations”** to definitions
 - Generally, means an organization or entity organized for the purpose of earning a profit
 - The term includes but is not limited to:
 - An “S corporation” incorporated under subchapter S of the Internal Revenue Code
 - A corporation incorporated under another authority
 - A partnership
 - A limited liability company or partnership
 - A sole proprietorship

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Terminology Cont'd

- Updated the definition of period of performance (again)
 - The time interval between the start and end date of a Federal award, which may include one or more budget periods

26

Terminology Cont'd

- Adds FASB and GASB to acronyms
- Removes some acronyms
- Added continuation funding, prior approval, and participants to definitions
- More frequent use of the term Federal Financial Assistance

Not Changed

- OMB received several comments suggesting that OMB define the term beneficiary
 - OMB did not propose to define the term, the meaning of which can vary widely between Federal agencies as well as within agencies between assistance programs
 - OMB defers to Federal agencies to determine who is or is not a beneficiary under their respective programs consistent with law

Effective Date

- Effective October 1, 2024



2024 Compliance Supplement Clarification

- The revisions to 2 CFR Part 200, Subpart F are effective for auditee fiscal years beginning on or after October 1, 2024
 - UG update was silent as to the effective date for fiscal years

OMB Memos



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Memos

- OMB Memorandum M-24-11, Reducing Burden in the Administration of Federal Financial Assistance issued April 4, 2024
- Council on Federal Financial Assistance (COFFA) issued supplemental information on Federal Agency Implementation of the 2024 Revisions on August 15, 2024

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Clarifications – New Awards

- New Federal awards issued on or after October 1, 2024 that apply OMB's guidance in 2 CFR, but do not specifically reference which version of the guidance they apply, may be assumed to apply the 2024 Revisions

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Clarifications – Amendments (Existing)

- Amendments issued on or after October 1, 2024 to existing awards **made before October 1, 2024** that applied a previous version of OMB's guidance in 2 CFR1 may be assumed to **continue applying the previous version** of the guidance unless the amendment explicitly applies the 2024 Revisions to the award

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Clarifications – Existing

- Federal awards issued before October 1, 2024 that applied a previous version of OMB's guidance in 2 CFR and have not been amended may be assumed to continue applying the previous version of the guidance

Clarification – Subawards

- Subawards issued under Federal awards applying the 2024 Revisions (either at the time of issuance or through amendment) must also apply the 2024 Revisions
- Pass-through entities with awards amended by a Federal agency to include the 2024 Revisions must similarly amend existing subawards
- However, if the Federal award to a recipient applies a previous version of the 2 CFR guidance, then the previous version also applies to the subaward—even if the subaward itself is made after October 1, 2024

Timing

- The 2024 Revisions do not automatically go into effect for existing awards issued prior to October 1, 2024
- If recipients or subrecipients have questions on which version of the guidance applies to a specific Federal award or amendment, they should communicate with the Federal agency that made the award (or pass-through entity as appropriate)

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Class Exceptions

- Notice of two OMB class exceptions available to Federal agencies for awards applying the prior version of the Uniform Grants Guidance
 - Tracking equipment and unused supplies at the revised threshold of \$10,000 (2 CFR 200.1, 200.313(e), 200.314(a), 200.439(b))
 - Once recipients make systems changes to track equipment and unused supplies at this higher threshold, it becomes increasingly difficult to simultaneously track these items for existing awards at the \$5,000 threshold
 - Procurement standards for Indian Tribes (2 CFR 200.317)
 - Indian Tribes wishing to follow their own procurement standards, as opposed to adhering to the procurement standards in 2 CFR 200.318 through 200.327, are still required to simultaneously adhere to the procurement standards in the prior version of the 2 CFR guidance for existing awards

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GAS Guide Update



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Background

- The AICPA Audit Guide, *Government Auditing Standards and Single Audits* is updated annually
 - Typically for specific technical updates and conforming changes
- In 2025, GAQC Executive Committee decided to take on a project to overhaul the Guide contents to ensure it addresses quality concern areas and also aligns with how practice has evolved

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Transition

- The enhanceive changes were included as Appendix B of the 2025 edition of the Guide
- Appendix B will replace all single audit chapters (Part II) in the 2026 edition of the Guide

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Chapters Reorganized

Ch #	2024 GAS-SA Guide Chapter Title	Ch #	2025 Appendix B Chapter Title
1 - 4	Government Auditing Standards	5	Overview of Uniform Guidance Audit Requirements
5	Single Audit Act, Uniform Guidance Audit Requirements, Compliance Supplement	6	Compliance Supplement
6	Auditor Planning Considerations Under the Uniform Guidance	7	Preliminary Engagement Activities
7	Schedule of Expenditures of Federal Awards	8	Planning Consideration
8	Determination of Major Programs	9	Schedule of Expenditures of Federal Awards
9	Consideration of Internal Control Over Compliance for Major Programs	10	Determination of Major Programs
10	Compliance Auditing Applicable to Major Programs	11	Performing Entity-Wide Procedures
11	Audit Sampling Considerations of Uniform Guidance Compliance Audits	12	Identification and Assessment of Risks of Material Noncompliance
12	Audit Considerations of Pass-Through Entities and Subrecipients	13	Testing Internal Control Over Compliance For Each Major Program
13	Auditor Reporting Requirements and Other Communication Considerations in a Single Audit	14	Testing Compliance Applicable to Each Major Program
14	Program-Specific Audits	15	Evaluation and Reporting of Findings
		16	Reporting
		17	Completion
		18	Post Audit Considerations
		19	Program-Specific Audits

10

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Added

- Table of contents with paragraph numbers to the beginning of each chapter
- Five chapters to reduce length of chapters and assist users with locating content
- Documentation boxes with the requirements from auditing standards
- Incorporated extant note boxes and certain footnotes into the body
- Additional examples to assist with the application of content

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Removed

- COVID-19 Considerations boxes
- Auditee information as guide's focus is auditors

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Chapters With More Changes

- Chapter 11 – Entity-Wide Procedures
 - Understanding the Entity and Its Environment
 - Understanding the Components of the Entity's System of Internal Control
 - IT Applications and General IT Controls
 - Discussion Among the Engagement Team
 - Consideration of Fraud
 - Results of Previous Audits, Attestation Engagements, and Monitoring

Risk Assessment

- Entity Wide
 - Performed collectively for more than one major program that are administered (operate) within same environment (organizational unit)
- Major Program Level
- Direct & Material Compliance Requirement Level

Chapters with More Changes Cont'd

- Chapter 12 – Identification & Assessment of RMNCs
 - Understanding of Major Program
 - Determining Materiality for Each Major Program
 - Identifying Types of Compliance Requirements Subject to Audit
 - Determining DM Compliance Requirements
 - Identifying RMNCs Assessing Inherent Risk and Control Risk

D&M Determination

- Generally considered to contain more than one compliance category:
 - Equipment and real property management
 - Matching, level of effort, earmarking
 - Procurement and suspension and debarment

D&M Determination Cont'd

- If expenditures for a cost category exceed materiality for the major program, it is an indicator that all compliance requirements subject to audit are considered direct and material



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Conflict with Audit Guidance

- A risk of material noncompliance exists when
 - There is a reasonable possibility of noncompliance occurring (that is, likelihood), and
 - If it were to occur, there is a reasonable possibility of the noncompliance being material (that is, magnitude)
- However, in a Single Audit, the auditor is required to audit the types of compliance requirements identified as subject to audit that could have a D&M effect on each major program
 - The identification of RMNCs for each D&M compliance requirement does not include a consideration of the likelihood of noncompliance occurring

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Appendix

- **Nonauthoritative** appendix provides examples of identified RMNCs for each type of compliance requirement

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More Granular

- Historically, some auditors may have assessed risk at the overall compliance requirement level (e.g., Activities Allowed/Unallowed), not based on the composition of audit objectives that support overall compliance with the applicable compliance requirement
 - Results in overly broad RAP's and further audit procedures
 - Identified controls or substantive procedures may not be responsive to RMNCs

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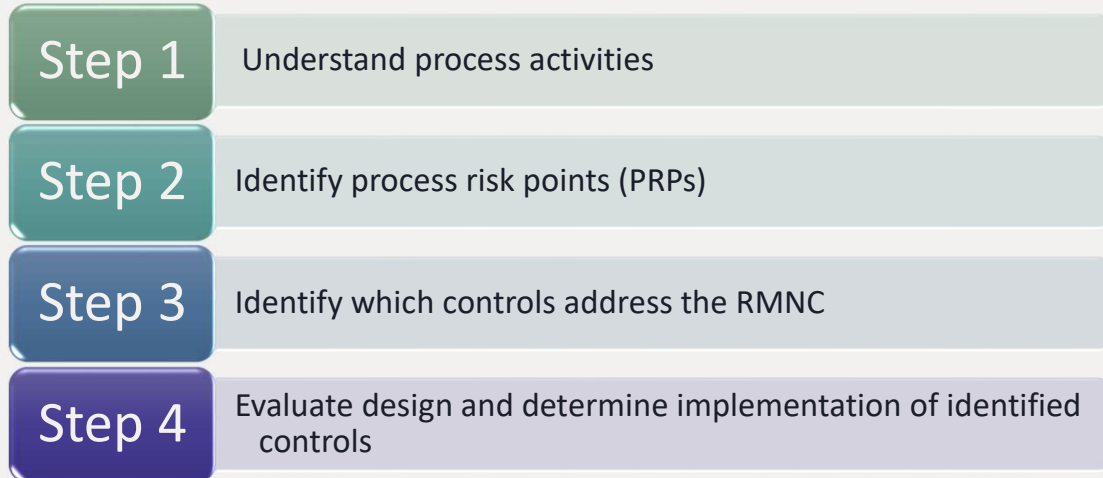
Example Allowable Cost

- Identified Risks
 - Direct payroll costs are not for allowable activities, are not reasonable, or are not based on records that accurately reflect the work performed
 - Fringe benefit costs are not charged based on rates that are federally negotiated, fringe benefit costs are not for allowable activities, are not allowable, are not properly assigned to federal awards
 - Direct other than personal services costs are not for allowable activities or are not allowable

Chapters with More Changes Cont'd

- Chapter 13 – Testing Internal Controls
 - Obtaining Understanding of Control Activities
 - Testing Operating Effectiveness of Controls
 - Performing Control Sampling of Manual Controls
 - Evaluating Cumulative Evidence for Operating Effectiveness

Four Step Processes for ICOC



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Risk Associated with the Control (RAWTC)



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Updated Sample Size Table

Control Sample Sizes When Zero Deviations Expected

Frequency of Manual Control and Population Size	Control Sample Size Based on RAWTC		
	Low	Moderate	High
Annual (1)	1	1	1
Quarterly (4)	2	2	2
Monthly (12)	2	3	4
Semi-Monthly (24)	3	5	7
Weekly (52)	5	7	9
Population Size 53-249	10%	15%	25%
Daily/Recurring (250+)	25	40	60

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Chapters with More Changes Cont'd

- Chapter 14 – Testing Compliance
 - Performing Tests of Compliance in Response to Assessed Risks
 - Understanding Population and Considering Completeness Testing Compliance
 - Evaluating Relevance and Reliability of Information
 - Considering Sufficiency and Appropriateness of Audit Evidence
 - Example Populations and Sampling Unit

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Primary Changes

- Enhance guidance on identifying individually important items to test that are quantitatively large
- New example populations, sampling units, and procedures to test completeness of population
- New guidance on testing relevance and reliability for information when used in substantive procedures
- New sample sizes tables for testing compliance based on whether the auditor is able to rely on internal controls
- New guidance on obtaining audit evidence when instances of noncompliance are identified

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Individually Important Items

- Items that, standing alone, are significantly different from the remainder of the population

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Zero Deviations & IC are Effective

Number of Units (Items) in the Population	Compliance Sample Sized Based on Inherent Risk		
	Low	Moderate	High
10 or less (a)	35%	45%	55%
11-24	20%	25%	30%
25-49	15%	18%	21%
50-149	12%	15%	18%
150-249	10%	12%	15%
250 +	25 items	30 items	40 items

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Not Effective, Expecting Zero Deviations

Number of Units (Items) in the Population	Compliance Sample Sized Based on Inherent Risk		
	Low	Moderate	High
10 or less (a)	50%	60%	70%
11-24	30%	40%	50%
25-49	25%	30%	35%
50-149	20%	25%	30%
150-249	15%	20%	25%
250 +	30 items	40 items	60 items

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Proposed Changes to DCF



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Proposed Revisions to the SF-SAC Form

General Services Administration [OMB Control No. 3090-0330; Docket No. 2025-001; Sequence No. 19] Submission for OMB Review; Federal Audit Clearinghouse

- Released: January 15, 2026
- Background:
 - In accordance with the Paperwork Reduction Act (PRA), the GSA is proposing a revision to an existing information collection request (ICR) for the Data Collection Form (SF-SAC) and associated FAC webform

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Proposed Revisions

- Optional resubmission pathway, with fields for resubmission type, reason, and report ID
- Optional structured fields within each audit finding to capture questioned costs (known and likely), criteria, condition, cause, effect, recommendation, and response
 - Have been included in narrative text. This change allows, but does not require, auditor to enter them in separate fields for improved clarity and data usability.

Proposed Revisions Cont'd

- Optional indicators within the audit finding section to report whether the auditor became aware of known fraud, likely fraud, or significant instances of abuse
- New Yes/No field in the FAC webform to capture whether a summary schedule of prior audit findings is included

Comment Criteria

- Comments are invited on:
 - Whether this collection is necessary
 - The accuracy of the burden estimate
 - Ways to enhance quality, utility, and clarity
 - Ways to minimize burden

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Comments and Recommendations Due

- Comments and recommendations for this information collection were due February 17, 2026



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Proposed Changes to FAC



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Background

Information Collection; Federal Audit Clearinghouse (FAC) (OMB Control No. 3090-0330)

- Released: August 28, 2025, by General Services Administration (GSA), Technology Transformation Services Division (TTS)
- Background:
 - FAC, managed by GSA collects & makes public Single Audit submissions required under the UG for entities. This notice proposes revisions to improve clarity, fraud/abuse reporting, and data usability

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Why is the GSA Looking to Change This?

Regulatory Rationale:

FAC information collection revision would be to comply with the Paperwork Reduction Act & to better align with UG

Practical Rationale:

More transparent, reliable, and usable Single Audit reporting

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Key Proposed Revisions

Optional resubmission pathway

- Fields for type, reason, report ID

Structured fields for audit findings

- Questioned costs (known/likely)
- Criteria, condition, cause, effect
- Recommendation, response

New Yes/No webform fields

- Known fraud/ likely fraud
- Summary schedule of prior audit findings included
- Significant instances of abuse disclosed

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Annual Reporting Burden

GSA Estimation of Annual Burden

- Respondents: 90,000 (45k auditees / 45k auditors)
- Responses per respondent: 1
- Hours per response: 100 hours for each of the 450 large respondents and 21 hours for each of the 89,550 small respondents
- *Total Burden Hours: 1,925,550*

Public Comments

GSA looked for comments on whether the proposed collection of information is necessary for proper performance of GSA's functions, including:

- Practical utility
- GSA's estimate of burden
- Ways to enhance quality, utility, and clarity of information collected
- Ways to minimize burden of collection on respondents

Comments Due

- Comments Due: October 27, 2025



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EO for Grants



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Background

Executive Order: Improving Oversight of Federal Grantmaking

- Issued: August 7, 2025
- Background:
 - EO focused on reducing waste

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Reviews

- Each agency head shall promptly designate a senior appointee who shall be responsible for creating a process to review new funding opportunity announcements and to review discretionary grants to ensure that they are consistent with agency priorities and the national interest

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Review Process

- Review and approval of agency funding opportunity announcements
- Continuation of existing coordination with OMB
- Review by designated subject-matter experts (SME)
- Review of funding opportunity announcements and related forms to ensure that they include only such requirements as are necessary for an adequate evaluation of the application and are written in plain language with a goal of minimizing the need for legal or technical expertise in drafting an application
- Interagency coordination to determine whether the subject matter of a particular funding opportunity announcement has already been addressed by another agency announcement and, if so, whether one of the announcements should be modified or withdrawn to promote consistency and eliminate redundancy
- For scientific research discretionary grants, review by at least one SME in the field
- Pre-issuance review of discretionary awards to ensure that the awards are consistent with applicable law, agency priorities, and the national interest, which shall involve in-person or virtual discussion of applications by grant review panels or program offices with a senior appointee or that appointee's designee

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Impact

- Agency heads shall designate one or more senior appointees to review discretionary awards on an annual basis for consistency with agency priorities and substantial progress
 - Such review shall include an accountability mechanism for officials responsible for selection and granting of the awards
- Until the process is in place, agencies shall not issue any new funding opportunity announcements without prior approval from the senior appointee, except as required by law

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Evaluation

- Senior appointees and their designees shall, as relevant and to the extent consistent with applicable law, apply the following principles, including in any scoring rubrics used to assess grant proposals:
 - Discretionary awards must, where applicable, demonstrably advance the President's policy priorities
 - Discretionary awards shall not be used to fund, promote, encourage, subsidize, or facilitate:
 - Racial preferences or other forms of racial discrimination by the grant recipient, including activities where race or intentional proxies for race will be used as a selection criterion for employment or program participation;
 - Denial by the grant recipient of the sex binary in humans or the notion that sex is a chosen or mutable characteristic;
 - Illegal immigration; or
 - Any other initiatives that compromise public safety or promote anti-American values
 - All else being equal, preference for discretionary awards should be given to institutions with lower indirect cost rates

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Evaluation Cont'd

- Discretionary grants should be given to a broad range of recipients rather than to a select group of repeat players
 - Research grants should be awarded to a mix of recipients likely to produce immediately demonstrable results and recipients with the potential for potentially longer-term, breakthrough results, in a manner consistent with the funding opportunity announcement
- Applicants should commit to complying with administration policies, procedures, and guidance respecting Gold Standard Science
- Discretionary awards should include clear benchmarks for measuring success and progress towards relevant goals and, as relevant for awards pertaining to scientific research, a commitment to achieving Gold Standard Science
- To the extent institutional affiliation is considered in making discretionary awards, agencies should prioritize an institution's commitment to rigorous, reproducible scholarship over its historical reputation or perceived prestige

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UG Impact

- The Director shall revise the UG and other relevant guidance to streamline application requirements and to further clarify and require all discretionary grants to permit termination for convenience, including when the award no longer advances agency priorities or the national interest, but subject to appropriate exceptions
- Limit the use of discretionary grant funds for costs related to facilities and administration

Implementation & Termination Clauses

- Within 30 days, each agency head shall review the agency's standard grant T&Cs and submit a report to the Director detailing:
 - Whether the agency's standard terms and conditions for discretionary awards permit termination for convenience and include the termination provisions described in 2 CFR 200.340(a)
 - Whether the agency's standard T&Cs for discretionary foreign assistance awards permit termination based on the national interest; and
 - The approximate number of active discretionary awards at the agency, as well as the approximate percentage of funding obligated under those awards that contain termination provisions allowing for termination
- Each agency head shall, to the maximum extent permitted by law and consistent with relevant EOs or other Presidential directives, take steps to revise the T&Cs of existing discretionary grants to permit immediate termination for convenience, or clarify that such termination is permitted, including if the award no longer advances agency priorities or the national interest

Implementation & Termination Cont'd

- Each agency head shall ensure that such terms are included in all future discretionary grants and likewise shall take steps to revise all applicable regulations binding on or incorporated in discretionary grant terms and conditions to require such terms. Agency heads shall take action to incorporate these new terms and conditions into all future amendments to grant awards.
- To the extent practicable and consistent with applicable law, agency heads shall insert in future discretionary grant agreements terms and conditions that:
 - Prohibit recipients from directly drawing down general grant funds for specific projects without the affirmative authorization of the agency; and
 - Require grantees to provide written explanations or support, with specificity, for requests for each drawdown

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OMB Memo



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Background

M-25-30 Ensuring Accountability: How We Oversee, Audit, and Improve

- Issued: June 23, 2025
- Background:
 - Memo to the Heads of Executive Departments and Agencies from the Executive Office of the President and the OMB regarding federal audits and the Administrations commitment to utilizing tools to prevent waste, fraud, and abuse of taxpayer dollars

Federal Audits

- Federal audits should provide transparency and accountability for the use of taxpayer dollars by Federal agencies
- Audit findings should be used to strengthen and improve internal controls

Circular A-136 Revision

- OMB Circular A-136, Financial Reporting Requirements, was updated July 14, 2025

Key Highlights:

- Continue to prepare financial statements and undergo a full financial statement audit
- Change format of the financial statements and associated audits to single-year presentation
- Revisions effective upon issuance unless otherwise specified in the Circular

Expected Results

The single-year model will:

- Focus on current-year activity and balances
- Streamline audit scope and prioritize necessary expenses
- Establish a cleaner, clearer baseline for progress in future years
- Address high-risk programs and control weaknesses in real time

Future Accountability Ideas

Auditing the auditors

- Assessing the value of dollars spent on audits

Focusing on high-impact audits

- Activities that reduce risk, increase accountability, and bring financial integrity

Linking transparency to reform

- Integrating audit results to program oversight and performance management

Addressing improper payments and waste

- Focus on identifying and preventing improper payments

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Other Changes of Note



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FFATA

- As of March 8, 2025, FSRS.gov is retired, and all Federal Funding Accountability and Transparency Act (FFATA) subaward and executive compensation reporting must be completed directly in SAM.gov
- Starting in October 2025, the assistance listings within SAM.gov will be updated pursuant to the GREAT Act and OMB Memorandum M-24-11
 - Changes 'Federal Assistance Number' to 'Federal Assistance ID' as this field will now include alphanumeric characters in the identifier (e.g. 31.123 vs 31.A1A)

Data Standards

- Grants standard data elements (SDEs)
 - <https://grants.gov/data-standards>

Sam.Gov

- SAM.gov is undergoing significant updates in 2025 and 2026
 - Updated entity registration interface
 - The Revolutionary FAR Overhaul (RFO) impacting representations and certifications, and updated Federal Assistance IDs
 - Alphanumerical characters in assistance listings

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3, 2, 1 Method of Applying New Knowledge

3 things I learned

2 actions to apply what I learned

1 way I will share my learning



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Let's Keep in Touch



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What Questions Do You Have?



Melisa F. Galasso, CPA
Chief Executive Officer

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

Content last reviewed: 5/2/26
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IOWA SOCIETY OF CPAs

IOWA GOVERNMENTAL ROUNDTABLE

May 12 | Live Virtual Conference | 9 hrs CPE

Tax Increment Financing (TIF) in Iowa

John Danos

TAX INCREMENT FINANCING (TIF) in Iowa

ISCPA Iowa Governmental Roundtable

By: John Danos
Location: Virtual Via Zoom
Date: May 12, 2026

For additional information please contact:

John Danos
Dorsey & Whitney LLP
(515) 283-1000
danos.john@dorsey.com

Amy Bjork
Dorsey & Whitney LLP
(515) 283-1000
bjork.amy@dorsey.com

PROGRAM AGENDA:

I. Introductions

II. Urban Renewal and Tax Increment Financing

A) Foundations

1. Law – Iowa’s Urban Renewal Law, Chapter 403, Code of Iowa
2. Mechanics – Taxes and Increment and TIF
3. Policy - Economic Development or Slum/Blight Alleviation
4. Procedure- Setting up an Urban Renewal Area and TIF District

B) Urban Renewal Projects – Commercial, Industrial and Residential

1. Public infrastructure
2. Direct financial assistance to private developers
3. Blight alleviation projects
4. Public facilities

C) Obligations

1. Types of Obligations
 - Loans – General Obligation and Revenue loans
 - Bonds – Pure TIF/Section 403.9
 - Development Agreements
 - Internal Advances
2. Authorizing processes
3. Certification of obligations

D) Limitations

1. Procedural Limitations
2. Time constraints on TIF collections
3. Budget impact
4. Constitutional Debt Limit and Annual Appropriation
5. Political

III. Other Economic Development and Redevelopment Tools

A) Home Rule and Chapter 15A

B) Property Tax Abatement

Steps to follow with every new TIF application:

- 1) Identify and plan the Project**
- 2) Establish/update the Plan and Area**
- 3) Incur debt to fund the Project**
- 4) Certify the debt to County Auditor/make a claim on TIF**
- 5) Receive TIF from County and make payment on debt**

A procedural outline for establishing urban renewal areas and TIF Districts

- 1) Identify the foundational need (Slum or Blight Alleviation, Economic Development).
- 2) Identify urban renewal projects.
- 3) Prepare an urban renewal plan.
- 4) Governing body action setting date for public hearing on urban renewal plan and area.
- 5) Publication of notice of hearing not less than 4 and not more than 20 days in advance of appointed hearing date.
- 6) Urban renewal plan submitted to and considered by planning and zoning commission for conformity with comprehensive plan of the municipality. No additional hearing, no veto, just review and comment by no later than appointed public hearing date and time.
- 7) Urban renewal plan, public hearing notice and invitation letter mailed to affected taxing entities announcing “consultation session” for them to attend. If possible, mail notice one week prior to “consultation session.”
- 8) Hold consultation session at least two weeks in advance of date appointed for public hearing. Session does not have to be held at a meeting of the governing body. Affected taxing entities may comment in writing and expect a written response, but there is no veto authority.
- 9) Is “agricultural land” being included in the urban renewal area? If yes, consent to include such property must be received from the property owner prior to the public hearing on the urban renewal plan.
- 10) City obtains necessary consent from county; county obtains necessary consent from cities.
- 11) Conduct the public hearing at the appointed date and time.
- 12) Adopt a resolution setting foundation, approving the urban renewal plan and establishing the urban renewal area.
- 13) Adopt an ordinance establishing part or all of the urban renewal area as a tax increment financing district.

TIF Incentives for Private Development

- A) Understand the Scope of the Project
 - New construction or redevelopment
 - Infrastructure construction
 - Job creation
 - Developer's costs
- B) Determine the Appropriate Incentive
 - Require the Developer to request specific incentive(s)
 - Cash contributions
 - ❖ Grant
 - ❖ Loan
 - ❖ Forgivable Loan
 - TIF rebate payments
 - Infrastructure construction
 - Real property considerations
 - Analyze risk to the municipality
 - Evaluate the limitations of the municipality in providing certain incentives
 - Time constraints on TIF collections
 - Limitations and requirements for housing projects
 - Business relocations
 - Constitutional debt limit
 - Political
 - Municipality's TIF policy
- C) Prepare a Development Agreement
 - Identify the obligations of the Developer and the Municipality
 - Identify risk management tools
- D) Determine the Appropriate Procedural Steps

Property Tax Exemption (Abatement) Benefits In Iowa by Assessment Classification

Classification/ Source	Industrial	Commercial	Residential (Multifamily)	Residential (Single Family)
Chapter 404 Economic Development	3 year 100% or 10 year* sliding scale	3 year 100% or 10 year* sliding scale	10-year 100%	5 year 100% but only on the first \$75,000 of new value
Chapter 404 Blight/Historic	3 year 100% or 10 year* sliding scale	3 year 100% or 10 year* sliding scale	10-year 100%	10-year 100%
Chapter 427B	5 year** sliding scale	(Warehousing/Distribution Centers only) 5 year** sliding scale	N/A	N/A
Chapter 15 HQJP	20 year 100% for IEDA approved projects	20 year 100% for IEDA approved projects	N/A	N/A
Chapter 403	2 year 100% during construction	2 year 100% during construction	2 year 100% during construction	2 year 100% during construction

*The 10-year sliding scale is based upon the following declining annual percentages: 80%, 70%, 60%, 50%, 40%, 40%, 30%, 30%, 20%, 20%.

**The 5-year sliding scale is based upon the following declining annual percentages: 75%, 60%, 45%, 30%, 15%

*** All commercial tax abatement applications under Chapter 404 must include a “minimum assessment agreement”

**** All school district property tax levies will be imposed and paid despite residential tax abatement under Chapter 404



ISCPA
IOWA SOCIETY OF CPAs

IOWA GOVERNMENTAL ROUNDTABLE

May 12 | Live Virtual Conference | 9 hrs CPE

Department of Management Update

Ted Nellesen and Carrie Johnson



iscpa
IOWA SOCIETY OF CPAs

IOWA GOVERNMENTAL ROUNDTABLE

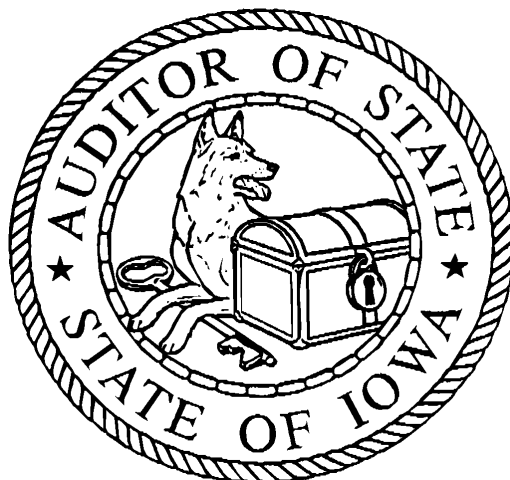
May 12 | Live Virtual Conference | 9 hrs CPE

Iowa Auditor of State Update and Q&A

Pam Bormann and Brian Brustkern

**ISCPA
GOVERNMENTAL
ROUNDTABLE**

May 12, 2026



***Presented by:
Iowa Auditor of State Staff***

PAM BORMANN, CPA, CGFM

Pam Bormann is the Deputy of Technical Services for Iowa's Office of Auditor of State. Pam is a graduate of the University of Northern Iowa and has served the office since 1987. Her primary responsibilities include managing and directing Technical Services within the Financial Audit Division which includes various training of staff both internally and externally, preparing sample audit programs, internal control questionnaires, code compliance documents and sample reports for CPAs related to city, county, community school district, community college, university, 28E organizations and State agency audits and reviewing local government audit reports and City examination engagement reports. She is also actively involved in the Auditor's Office Quality Review Program of CPA firm reports and workpapers, performing peer reviews for the National State Auditors Association as well as reaudits of local governments. In addition, Pam provides technical assistance to local governments and their auditors. Pam is also a Certified Governmental Financial Manager and a member of the Iowa Society of CPAs and the Association of Government Accountants.

Phone: 515-606-4978

Email: pam.bormann@aos.iowa.gov

BRIAN R. BRUSTKERN, CPA

Brian Brustkern is the Deputy in charge of the Financial Audit Division of the Iowa Auditor of State's Office. He is a graduate of the University of Northern Iowa and joined the staff of the Auditor's office in 1993. As a Deputy in the Financial Audit Division, Brian's responsibilities include directing the activities of the audit teams, reviewing the audit results and ensuring compliance with office and professional standards. He also participates in various local government training programs and provides technical assistance to local governments and their auditors.

Brian is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants, the Iowa Society of Certified Public Accountants, and the City and County Finance Committees.

Phone: 515-281-8314

Email: brian.brustkern@AOS.iowa.gov

Title II of the Americans Disabilities Act (ADA) Compliance



New Report Accessibility Requirements

The U.S. Department of Justice has issued a final rule revising the regulation implementing Title II of the Americans with Disabilities Act (ADA). This final rule relates to services, programs and activities offered by state and local government entities to the public through the web and mobile applications. Compliance with this final rule is required as of April 24, 2026.

The final rule adopts the internationally recognized accessibility standard for web access, the Web Content Accessibility Guidelines (WCAG) 2.1 published in June 2018. State and local government entities must comply with WCAG 2.1 Level AA success criteria and conformance requirements.

Summary of the U.S. Department of Justice final rule:

<https://www.federalregister.gov/d/2024-07758/p-3>

Quick Reference Guide for WCAG: [How to Meet WCAG \(Quickref Reference\)](#)

Additional content from Microsoft on how to make word documents accessible:

[Make your Word documents accessible to people with disabilities - Microsoft Support](#)

Before uploading pdfs of reports, received on or after April 24, 2026, to the Auditor of State's website the Adobe Acrobat Accessibility Check will be run against the pdf.

- If the report pdf passes the accessibility check it will be uploaded to the AOS website.
- If the report pdf fails the accessibility check it will be returned along with the accessibility report generated by Adobe Acrobat.
 - Once the pdf has been revised and resubmitted with all accessibility issues addressed it will be uploaded to the AOS website.

ADA Compliance

- Original deadline – April 24, 2026
 - Anything on AOS website must be ADA compliant
 - This includes **ALL** audit and examination reports
 - Includes everything on local government websites

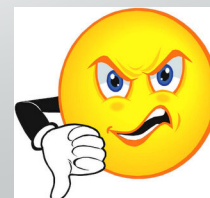
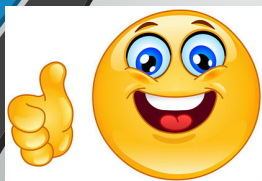
ADA Compliance



Web Content
Accessibility Guidelines
(WCAG) 2.1 is the
standard which needs
to be complied with

ADA Compliance

- What we planned
 - Run reports through accessibility check
 - ✓ If passed, would post
 - ✓ If didn't pass, would return with the accessibility report



ADA Compliance

- What did we do?
 - Evaluated documents on our website
 - ✓ Deleted outdated documents
 - ✓ Archived non-compliant documents



ADA Compliance

- What did we do?
 - Worked through our excel and word samples to make them compliant
 - Using these documents, worked to create compliant reports

ADA Compliance

- What did we do?
 - The automatic reply email when submitting reports, reminds firms of the new accessibility requirements (has been updated for the change in date)



Non-Compliant Reports

- We will accept reports, but we **will not** post reports which are not compliant
 - We will not remediate them to make them compliant
- Inform firm their report is not compliant and can not be posted to be available to the public

Non-Compliant Reports

- Will inform the local government their report is not compliant and is not on our website





Non-Compliant Reports

- The report name will appear as it always has, but the following language will appear when selected

“If you would like to view a copy of this report, please contact us. Phone: 515-281-5834 or email info@aos.iowa.gov.”



Non-Compliant Reports

- If asked by a member of the public, why a report is not on our website
 - We could provide a copy of the non-compliant report
 - We would refer the public to the CPA firm and local government

ADA Compliance



- On April 20, 2026 DOJ issued an interim final rule extending the compliance date by 1 year

(April 26, 2027)

Now What??

- Will continue to work on producing ADA compliant reports
- Will ensure current year samples are ADA compliant

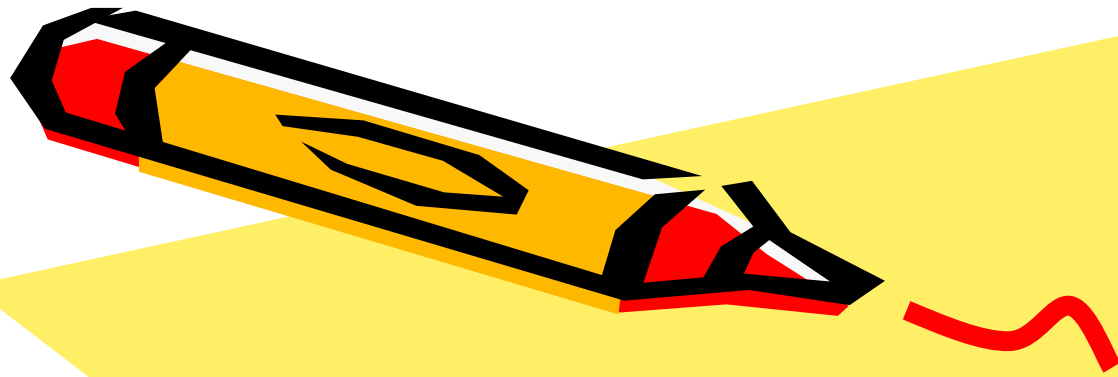


Accessibility Checkers

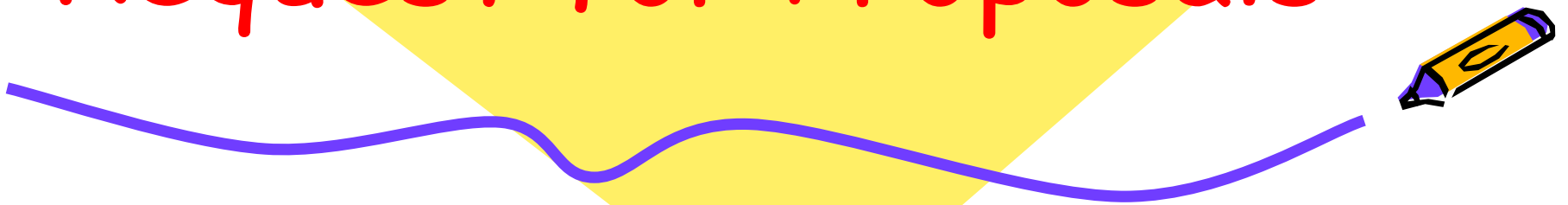
- Word and Adobe both have built-in resources which can help
- However, these alone are not enough to achieve WCAG 2.1

Accessibility Checkers

- CommonLook – the State has an agreement with Allyant, but has additional costs and not user-friendly/quick to process
- PAC Checker – Open-source, more user-friendly
- Result: When reports are submitted, AOS will review through PAC Checker to determine ADA compliance



Request for Proposals



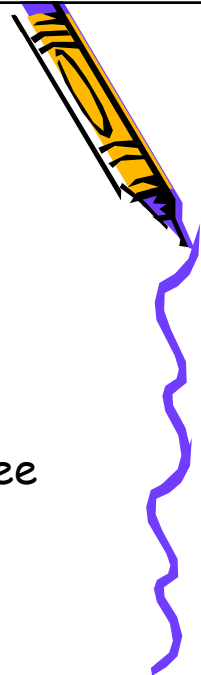
Requests for Proposal (RFP)

- ✓ Chapter 11.6 of the Code of Iowa
- ✓ Sample RFP available at
 - <https://www.auditor.iowa.gov>
- ✓ Preparing an RFP
- ✓ Evaluating an RFP



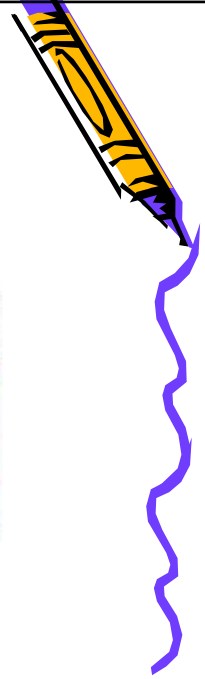
RFP Considerations

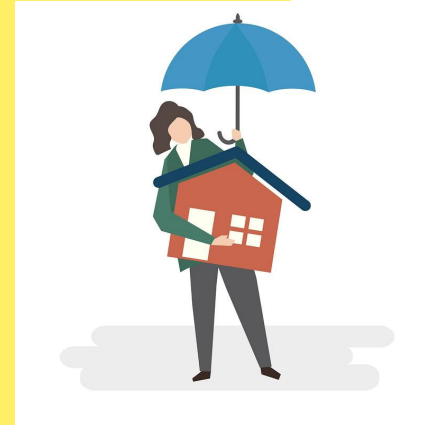
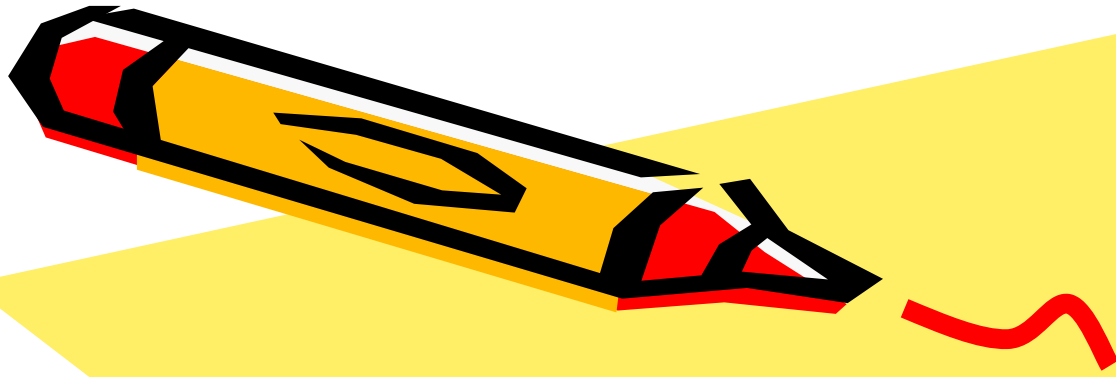
- ✓ Technical qualifications, NOT solely on cost
- ✓ Written request and written agreement
- ✓ Escape clause
- ✓ Identify other services required
- ✓ Independent auditor's role with audit committee
- ✓ Length and terms of audit contract



RFP Considerations

Notify all parties
who have
responded of the
results and
decisions made





County Unemployment Claims



County Unemployment Claims

Iowa State Association of Counties (ISAC) is no longer providing a service where they handle unemployment claims for Counties



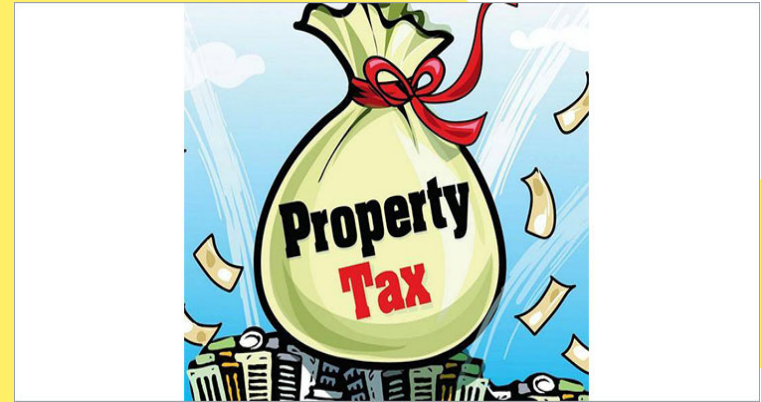
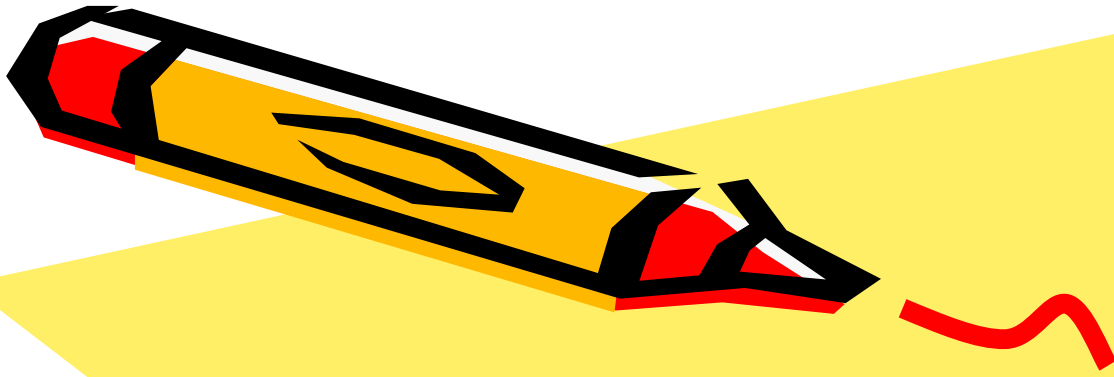
County Unemployment Claims

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✓ Pay unemployment claims out of:

- General Fund
- Internal Service Fund - spread the costs between applicable funds/departments
 - Need a reasonable basis for allocation





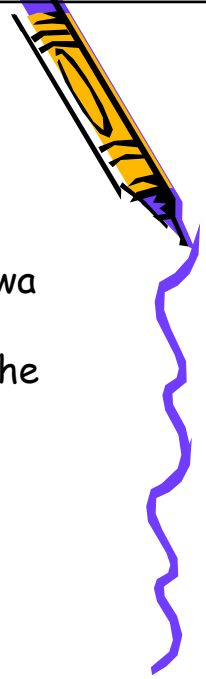
Property Tax Changes



Property Tax Changes

✓ Senate File 2472

- Added language to Chapter 11.11 of the Code of Iowa which requires the scope of an audit to include an examination of compliance with Chapter 24.35 of the Code of Iowa
- Sets limits on reserve funds



Property Tax Changes

✓ Code Compliance guides - Fiscal year 2027

✓ Type 1 compliance item

- Tested every year
- Statutory finding report



Common Reaudit/Citizen Concerns



Common Reaudit/Citizen Concerns

- Conflict of Interest
- Consulting Services/Fees
- Related party transactions
- Utility rate increases – without clear explanations



Common Reaudit/Citizen Concerns



- Excessive spending
- Payroll
- Travel for attending conferences/training
- Budget shortfalls/operating at a deficit

Common Reaudit/Citizen Concerns

- Library/Fire Department fundraising collections
- Failure to comply with restrictions placed on grants or other state assistance



Common Reaudit/Citizen Concerns

- Failure to comply with open meetings and records laws
- Appropriating money or approving bonds for infrastructure improvements delayed or don't materialize as expected

Common Reaudit/Citizen Concerns

- Property taxes
- City Clerk/Business Officer not qualified or embezzling funds



Tips to ease Citizen Concerns

- Communicating more openly about budget constraints, rate increases or infrastructure improvements
- Provide information on why changes to property taxes or budgets

Recently Issued Special Investigations



City of Spencer

In June 2024, the Finance Assistant who was responsible for receiving collections, posting collections and depositing collections was on vacation

Terminated June 14, 2024

City of Spencer

- ✓ Procedures performed from January 1, 2018 through June 30, 2024
 - \$38,767.56 undeposited landfill fees
 - \$188.81 unsupported disbursements (disbursements issued to Finance Assistant with no supporting documentation)

City of Spencer

- ✓ Procedures performed from January 1, 2018 through June 30, 2024
 - \$7,141.76 improper disbursement
 - \$5,207.30 improper payroll and excess vacation leave, comp time and personal leave
 - \$1,934.46 improper purchase using City's credit card, late fees and interest)

City of Spencer

- ✓ Control procedures weaknesses
 - Segregation of duties - former Finance Assistant was responsible for collecting, recording and depositing all landfill receipts and City dumpster rental fees
 - Responsible for preparing and mailing billings for dumpster rental fees

City of Spencer

- ✓ Control procedures weaknesses
 - Reconciliations of City dumpster rental billings and landfill collections were not required, prepared, so nothing to review
 - Independent review for payroll not performed

City of Spencer

Charged with Theft – 1st Degree
Trial date not yet set



Crossroads Behavioral Health Services

Contract issued with Iowa Department of Health and Human Services (DHHS)

On August 7, 2023, a subcontractor's Director contacted Crossroads' Director about unpaid invoices

Crossroads Behavioral Health Services

January 10, 2024, subcontractor reached out again and was told Crossroad was unable to pay

January 30, 2024, subcontractor contacted DHHS informing them they had not been paid for almost \$200,000

Crossroads Behavioral Health Services

Crossroads' Director stated they were selling property to free up funds and were using grant funds to "keep the business open"

Crossroads Behavioral Health Services

February 5, 2024, Subcontractor stated full payment of \$212,447.75 was expected or they may cease providing services

March 1, 2024, internal memo within DHHS about potential misappropriation of federal funds

Crossroads Behavioral Health Services

- ✓ Procedures performed from July 1, 2022 through June 30, 2024
 - \$167,716.23 questioned costs
 - \$74,967.05 under Substance Abuse and Problem Gambling grant for unallowable expenses and unpaid reimbursements

Crossroads Behavioral Health Services

- ✓ Procedures performed from July 1, 2022 through June 30, 2024
 - \$167,716.23 questioned costs
 - \$65,036.44 under State Opioid Response grant for unallowable expenses and unpaid reimbursements

Crossroads Behavioral Health Services

- ✓ Procedures performed from July 1, 2022 through June 30, 2024
 - \$167,716.23 questioned costs
 - \$27,712.74 under ARPA Integrated Provider Network Supplement grant for unallowable expenses and unpaid reimbursements

Crossroads Behavioral Health Services

- ✓ Procedures performed from July 1, 2022 through June 30, 2024
 - \$14,167.97 improper disbursements and improper use of Opioid funding

Crossroads Behavioral Health Services

- ✓ Procedures performed from July 1, 2022 through June 30, 2024
 - \$194.72 unsupported disbursements - mileage reimbursements and supply purchased using County Opioid funding - no supporting documentation

Crossroads Behavioral Health Services

- ✓ Control procedures weaknesses
 - Credit cards - prior approval of purchases not required and documentation not provided to Board
 - Payroll - staff did not complete timesheets, nor were hours approved

Crossroads Behavioral Health Services

- ✓ Control procedures weaknesses
 - Bookkeeping – separate accounts and separate accounting codes were not maintained (all funds deposited in one account and one fund)

Crossroads Behavioral Health Services

Current status – No charges have been filed. Crossroads has lost all contracts with DHHS



City of McCausland

On March 17, 2025, the bank informed the City of suspicious activity. Bank stated City Clerk used the Mayor's e-signature to issue checks to herself

On March 24, 2025, City Clerk put on administrative leave

On April 15, 2025, City Clerk informed City she would be retiring

City of McCausland

- ✓ Procedures performed from March 1, 2020 through March 31, 2025
 - \$62,233.44 of improper disbursements
 - \$55,000 unauthorized checks to former City Clerk
 - \$2,000 reimbursements issued to former City Clerk

City of McCausland

- ✓ Procedures performed from March 1, 2020 through March 31, 2025
 - \$62,233.44 of improper disbursements
 - \$4,800 checks issued to Blackhawk Bank and Trust for cash
 - \$1,433.44 improper credit card purchases (cash advances and fees)

City of McCausland

- ✓ Procedures performed from March 1, 2020 through March 31, 2025
 - \$2,279.62 of unsupported disbursements made with City's credit card



City of McCausland

- ✓ Control procedures weaknesses
 - Segregation of duties - Clerk did everything
 - Credit cards - supporting documentation not available for all purchases and City officials did not review the credit card statements

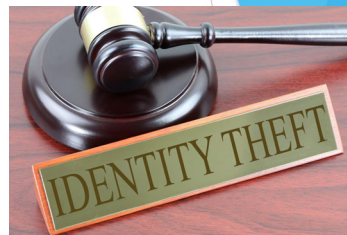
City of McCausland

- ✓ Control procedures weaknesses
 - Disbursements
 - Not consistently supported by invoices or other documentation
 - Not all approved by City Council



City of McCausland

- ✓ Current status
 - Theft 1st Degree
 - Identity theft under \$1,500
 - Identity theft over \$10,000
 - Use of credit card under \$1,500



City of McCausland

- ✓ Current status
 - Nonfelonious misconduct in office
 - 26 counts of forgery
- ✓ Accepted plea deal
- ✓ Sentencing scheduled for May 28, 2026

Questions

