



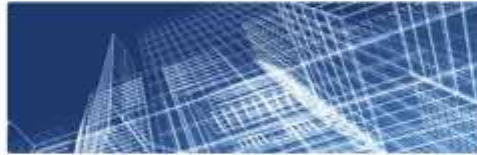
GASB UPDATE

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

www.GASB.org



GASB Issues Statement on Financial Reporting Model Improvements



Statement No. 103 Now Available

Learn about new guidance designed to improve key components of government financial reports.

[Document](#)[Media Advisory](#)

GASB Chair Report



Now Available: First Quarter Chair Report

GASB Chair Joe Beck provides an update on quarterly activities, as well as his reflections on Board activities and priorities.

[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](#)

Meetings

Access information about upcoming and past meetings of the GASB and the GASAC, including meeting details and links to view live streams and recordings.

News

July 2, 2024

GASB Publishes Post Implementation Review Report on Pension Standards.

[Media Advisory](#) [Full Report](#)

May 22, 2024

Financial Accounting Foundation Board of Trustees Seeks Nominations for Governmental Accounting Standards Board (GASB) Member

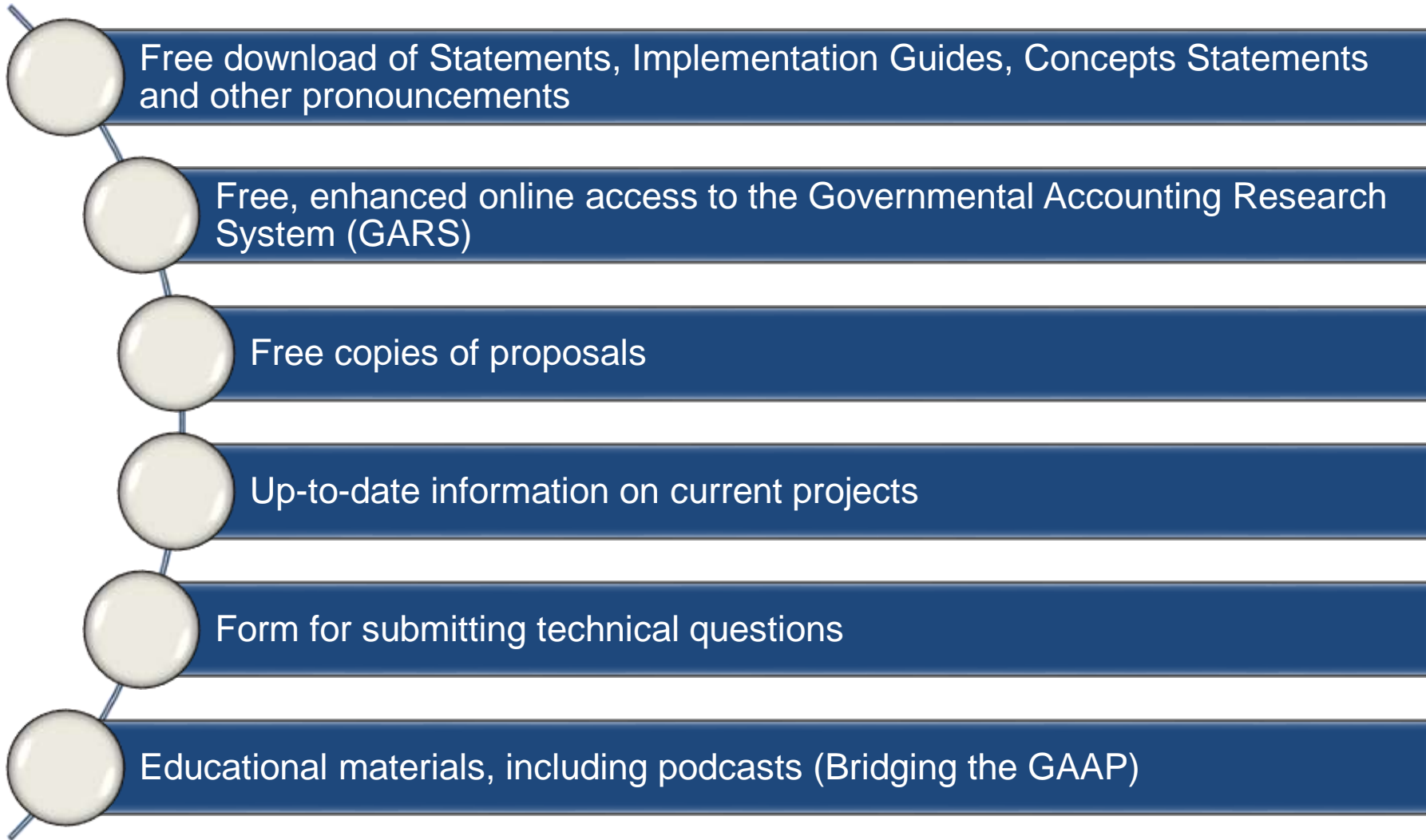
[Media Advisory](#)

April 1, 2024

AAA-GNP Holds 2024 Mid-Year Meeting in Norwalk

[View Post](#)

Website Resources



GARS (gars.gasb.org)

The screenshot displays the GARS website. On the left is a dark blue sidebar with the GASB logo at the top, followed by a search bar and navigation links: Codification, Original Pronouncements, Comprehensive Implementation Guide, Other Reference, Tools, and Logout. Below these links, it states 'Updated through December 31, 2023'. The main content area has a light gray header with the title 'Welcome to the Governmental Accounting Research System™'. Below this is a notice that the system has been updated through December 31, 2023. The 'About GARS' section explains that the system provides access to all U.S. generally accepted accounting principles (GAAP) for state and local governments, including material from the GASB's Codification, Original Pronouncements, and Comprehensive Implementation Guide. The 'What's New in This Update' section is divided into two parts. The first part, regarding updates to the Codification and Comprehensive Implementation Guide, lists 'Statement No. 99, Omnibus 2022' and 'Statement No. 101, Compensated Absences'. The second part, regarding updates to the Original Pronouncements, lists 'Statement No. 102, Certain Risk Disclosures'. There are also links for 'View documents for public comment' and 'Final Pronouncements Not Yet Incorporated into the Content'. The 'Help' section offers resources to enhance working knowledge of GARS, including a help page with descriptions of specific functions and features, and a downloadable user guide.

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD
Governmental Accounting Research System™

Search

Codification >

Original Pronouncements >

Comprehensive Implementation Guide >

Other Reference >

Tools >

Logout

Updated through December 31, 2023

Welcome to the Governmental Accounting Research System™

① The Governmental Accounting Research System™ has been updated through December 31, 2023.

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 2023:

[Statement No. 99, Omnibus 2022](#)

[Statement No. 101, Compensated Absences](#)

This update incorporates into the Original Pronouncements the following pronouncement that was issued by the GASB between July and December 2023:

[Statement No. 102, Certain Risk Disclosures](#)

[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](#)

[User Guide](#)

Effective Dates

December 31: Fiscal Year 2024

- Statement 99—Omnibus 2022 (financial guarantees and classification of derivatives)
- Statement 100—Accounting Changes and Error Corrections
- Statement 101—Compensated Absences
- IG 2021-1—Implementation Guidance Update—2021 (5.1)
- IG 2023-1—Implementation Guidance Update—2023

December 31: Fiscal Year 2025

- Statement 102—Certain Risk Disclosures

December 31: Fiscal Year 2026

- Statement 103—Financial Reporting Model Improvements

Effective Dates

June 30: Fiscal Year 2024

- Statement 99—Omnibus 2022 (financial guarantees and classification of derivatives)
- Statement 100—Accounting Changes and Error Corrections
- IG 2021-1—Implementation Guidance Update—2021 (5.1)
- IG 2023-1—Implementation Guidance Update—2023

June 30: Fiscal Year 2025

- Statement 101—Compensated Absences
- Statement 102—Certain Risk Disclosures

June 30: Fiscal Year 2026

- Statement 103—Financial Reporting Model Improvements

New GASB Statement Impact

Statement and FY Effective		Potential Level of Effort*						
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GASB 99 – Omnibus (multiple effective dates)	Various	Small						
GASB 100 – Accounting Changes and Error Corrections	2024			Small				
GASB 101 – Compensated Absences	2025				MEDIUM			
GASB 102 – Certain Risk Disclosures	2025				Small			
GASB 103 – Financial Reporting Model Improvements	2026					MEDIUM		

*Based on June 30 fiscal years

Presentation Overview



Pronouncements being implemented



Projects currently being deliberated by
the Board



Pre-agenda research and other
research activities



Post-implementation review

Pronouncements Being Implemented

Implementation Guidance Updates

2021-1 and 2023-1

Implementation Guidance Updates

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?

Various effective dates by Q&A:
From periods beginning after June 15, 2021 through periods beginning after June 15, 2023.

Implementation Guide 2021-1

➤ **Effective for periods beginning after June 15, 2023:**

- ✓ Amendment to existing Question 7.9.8 regarding capital assets (5.1)

➤ **Already effective:**

- ✓ New questions related to:

- *Derivative instruments (4.1)*
- *Fiduciary activities (4.2 and 4.3)*
- *Leases (4.4–4.22)*
- *Nonexchange transactions (4.23)*

- ✓ Amendments to existing questions related to:

- *Statement 34 (5.2 and 5.3)*
- *Statement 48 (5.4)*

- ✓ Supersessions of existing questions related to Statement 51 (Z.51.4–Z.51.7)

IG 2021-1 Question 5.1

➤ Question on Capital Asset

- ✓ Q—Should a government's capitalization policy be applied only to individual assets or can it be applied to a group of assets acquired together? Consider a government that has established a capitalization threshold of \$5,000 for equipment. If the government purchases 100 computers costing \$1,500 each, should the computers be capitalized?
 - A—*Capitalization policies..... A government should capitalize assets whose **individual** acquisition costs are less than the threshold for an individual asset if those assets in the **aggregate** are significant. Computers, classroom furniture, and library books are examples of asset types that may not meet a capitalization policy on an individual basis, yet could be significant collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers.*

Implementation Guide 2023-1

➤ **Effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter:**

✓ New questions related to:

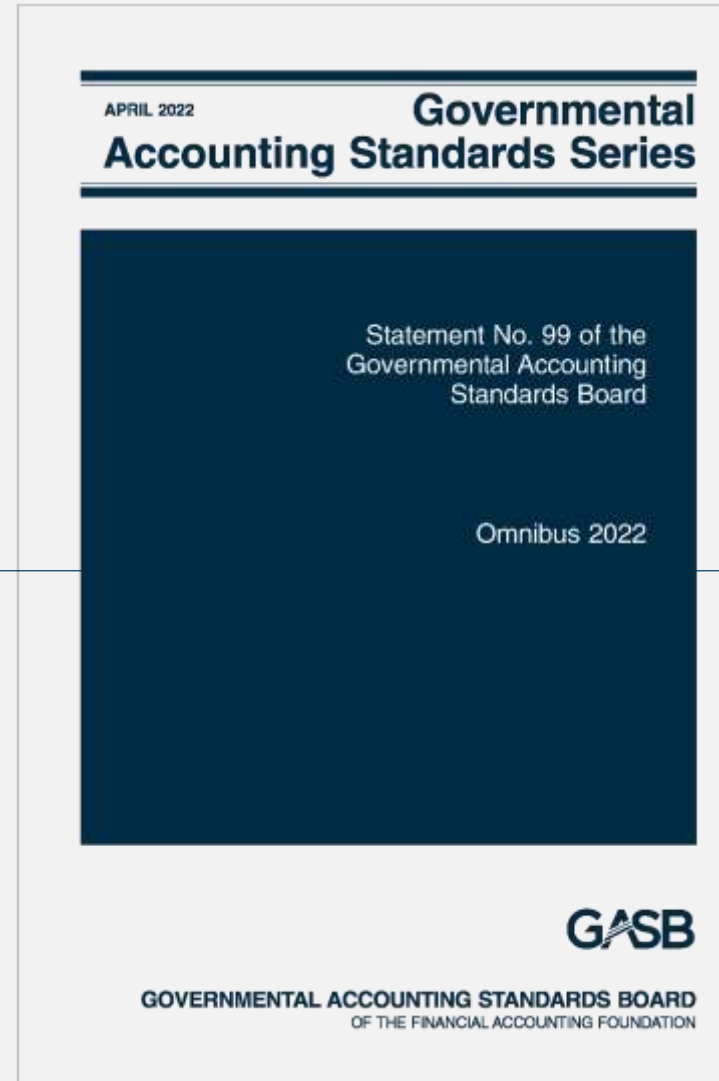
- *Leases (4.1–4.6)*
- *SBITAs (4.7–4.9)*
- *Changes to or within the financial reporting entity (4.10)*

✓ Amendments to existing questions related to:

- *Leases (5.1)*

Omnibus 2022

Statement No. 99



Omnibus 2022

What?

Practice issues identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees.

Why?

Omnibus Statements are issued to address issues in multiple pronouncements that, individually, would not justify a separate pronouncement.

When?

Various effective dates:

- 1) Upon issuance
- 2) Fiscal years beginning after June 15, 2022
- 3) Fiscal years beginning after June 15, 2023.

General Omnibus Topics

Financial Guarantees

Other Derivative Instruments

Leases, PPPs, and SBITAs

Extended Use of LIBOR

Technical Updates/Corrections

Financial Guarantees

Statement 99 DOES

- Apply the liability recognition, liability measurement, and disclosure requirements in Statement 70 to governments that extend exchange or exchange-like financial guarantees.

Statement 99 DOES NOT

- Prescribe expense classification.
- Prescribe recognition guidance for the consideration received in an exchange or exchange-like financial guarantee transaction.

Other Derivative Instruments

Other Derivative Instruments

- Change in fair value should be reported on the flows statement separately from investment revenues.
- Disclosures should be distinguished from hedging derivative instruments and investment derivative instruments.
- Fair value of derivative instruments that were reclassified from hedging derivative instruments should be disclosed.

Termination of Hedge Accounting

- If hedging derivative instruments cease to be effective, the balance of the deferrals should be reported on the flows statement separately from investment revenues.

Leases, PPPs, and SBITAs

Remeasurement of Certain Assets and Liabilities

- Should not be remeasured solely for a change in an index or a rate used to determine variable payments.

Option to Terminate

- Unconditional right that exists within the contract—the right to terminate due to the action or inaction of the other party—is not an option to terminate.
- For leases only—the option to purchase the underlying asset would be considered an option to terminate for purposes of measuring the lease term.

Short-Term Leases and SBITAs

- Modified short-term leases or SBITAs should be remeasured from the inception of the lease or SBITA.

Leases, PPPs, and SBITAs (cont.)

Variable Lease Payments

- Variable lease payments, other than those that depend on an index or a rate or those that are fixed in substance, should not be included in the measurement of the lease liability.

Lease Incentives

- Includes the assumption of or an agreement to pay a lessee's preexisting lease obligation to a third party.

PPP Remeasurement

- The receivable for the underlying PPP asset should be remeasured if there is a change in the PPP term.
- Deferred outflow of resources should be adjusted by the same amount as any remeasurement change to the liability for the underlying PPP asset.

Replacement of Interbank Offered Rates

London Interbank Offered Rate (LIBOR)

- Date at which it is not an appropriate benchmark interest rate changes to when it is no longer determined by the ICE Benchmark Administration using the methodology in place as of December 31, 2021.

Technical Updates/Corrections

SNAP/ Food Stamps

- States no longer use paper food stamp coupons. Specialized guidance in Statement 24 is no longer relevant. Should apply Statement 33 instead.

Nonmonetary Transactions

- Should disclose measurement attribute(s), rather than basis of accounting for assets transferred.

Pledges of Future Revenue

- Blending guidance provided.

Technical Updates/Corrections (cont.)

Government-Wide Statements

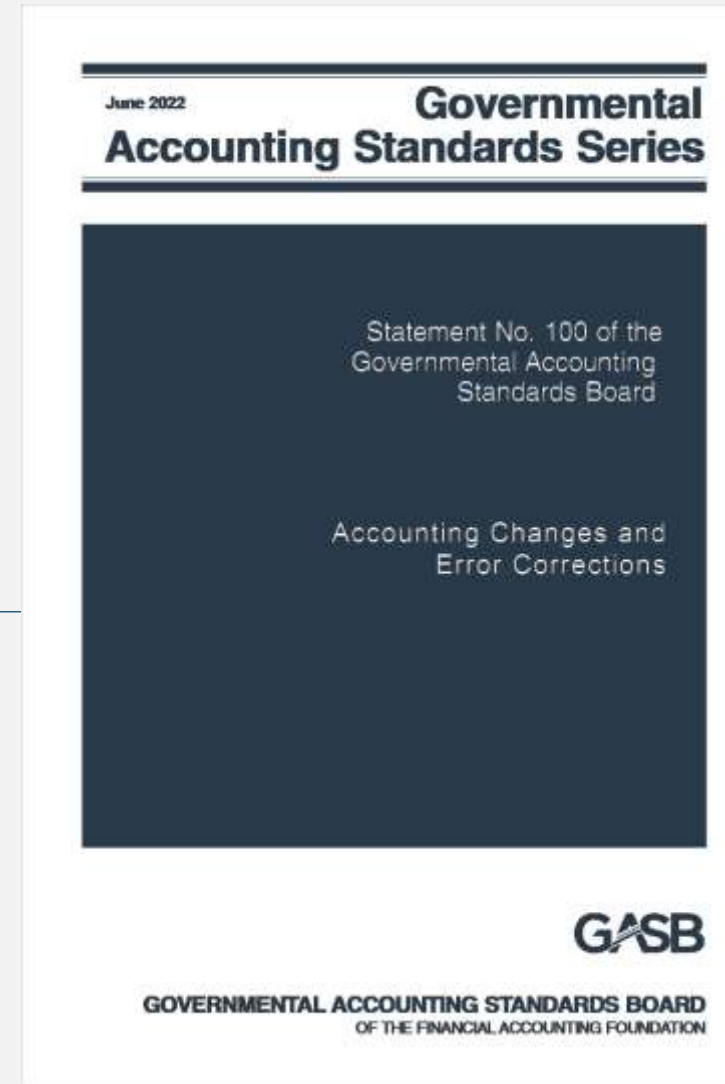
- Clarifies that no total column is required for the financial reporting entity as a whole.

Terminology Updates

- Balance Sheet—Statement of net position
- Balance Sheet Date—Date of financial statements or statement of net position date
- Equity Funds—Other assets used
- Fund Equity—Equity interest
- Flow of Resources Statement—Resource flows statement

Accounting Changes and Error Corrections

Statement No. 100



Accounting Changes and Error Corrections

What?

Based on a reexamination of the requirements in Statement 62, the Board has replaced the guidance that previously existed in Statement 62 with new standards for accounting changes and error corrections.

Why?

The previous guidance was based on several sources of accounting standards, some of which had been superseded and much of which had been in effect without review by the GASB for decades.

When?

Effective for changes made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged.

More about Why...

➤ **Research showed issues related to:**

- ✓ Changes in accounting principle vs. correction of an error
- ✓ How to classify changes in measurement methodology of estimates versus changes in inputs to estimates versus changes in accounting policy
- ✓ Certain currently required disclosures were often missing

➤ **Common questions regarding:**

- ✓ How to account for changes in reporting entity
- ✓ Impact of changes of prior balances on RSI and SI

Type of Accounting Changes / Corrections

Change in Accounting Principle

Change in Accounting Estimate

Change to or Within the Financial Reporting Entity

Corrections of an Error (not an Accounting Change)

Statement Structure

➤ For each type of Accounting Change and Error Correction

✓ Definitions

- *What is included in each type*

✓ Accounting & Reporting

- *Restatement (and if so which period) or accounted for in current period*
- *Includes discussion of impact on RSI and SI*

✓ Disclosures

Change in Accounting Principle

➤ Definition

- ✓ A change from one generally accepted accounting principle to another that is **justified** on the basis that the newly adopted accounting principle is **preferable** to the accounting principle used before the change.
- ✓ The implementation of a new authoritative accounting and financial reporting pronouncement.

➤ Accounting

- ✓ **Retroactive** to all prior periods presented (unless another standard directs otherwise)
- ✓ If practicable

Change in Accounting Estimate

➤ Definition

- ✓ A *change* in accounting estimate results from **changes to the inputs of that estimate**. Changes to inputs result from a change in circumstance, new information, or more experience.
 - *Accounting estimates are outputs determined based on inputs such as data, assumptions, and measurement methodologies.*
 - *Outputs are amounts that are recognized or disclosed in the basic financial statements and subject to measurement uncertainty.*

➤ Accounting

- ✓ **Prospective** by recognizing the change in the reporting period the change occurs (unless another standard applies guidance specific to an estimate)

Change to or Within the Financial Reporting Entity

➤ Definition

- ✓ A change to or within the financial reporting entity results from:
 - The **addition or removal** of a fund that results from movement of continuing operations within the primary government, including its blended component units
 - Change in fund presentation as major or nonmajor
 - Generally, the addition or removal of a component unit to or from the financial reporting entity
 - A change in the presentation (blended or discretely presented) of a component unit.

➤ Accounting

- ✓ **Adjust beginning balances** for the current period (not all periods presented).

Correction of Error

➤ Definition

- ✓ An error results from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of **facts that existed at the time the financial statements were issued** about conditions that existed as of the financial statement date.
 - *Facts could reasonably be expected to have been obtained and taken into account at that time about conditions that existed as of the financial statement date.*

➤ Accounting

- ✓ **Retroactive** to all prior periods presented
- ✓ No practicality exception

Display

Shown separately

- Aggregate amount of adjustments to and restatements of beginning balances should be displayed for each reporting unit.

Note Disclosures

Disclosures vary depending on the type of item, but common disclosures include:

The nature of the change or error and its correction

Reason for the change

The effects on beginning net position, fund balance, or fund net position, as applicable, presented in a tabular format

Disclosure

Reclassifications and Restatements consisted of the following (amounts in thousands):

	12/31/20X1 As Previously Reported	Changes to or within the Financial Reporting Entity	Changes in Accounting Principle	Error Corrections	12/31/20X1 As Restated
Governmental Funds and Activities					
Major Funds:					
General Fund	\$ 6,806,931	\$ -	\$ -	\$ (99,403)	\$ 6,707,528
Fund A	1,087,648	-	-	(1,231)	1,086,417
Nonmajor Funds	436,328	-	-	(4,413)	436,328
Total Governmental Funds	8,330,908	-	-	(105,046)	8,225,861
Government-Wide Adjustments					
Capital Assets, net of depreciation	26,903,086	-	-	(66,723)	26,836,364
Other Noncurrent Assets and Liabilities	(709,340)	-	-	60	(709,280)
Inclusion of Internal Service Funds in Governmental Activities	559,343	-	-	6,402	565,745
Total Governmental Funds and Activities	\$ 35,083,996	\$ -	\$ -	\$ (165,306)	\$ 34,918,690
Proprietary Funds and Business-Type Activities					
Major Funds:					
Fund B	4,514,667	69,597	4,501	2,756	4,591,521
Nonmajor Funds	532,633	(165,977)	-	6,400	373,055
Removal of Internal Service Funds in Governmental Activities	(559,343)	-	-	(6,402)	(565,745)
Total Proprietary Funds and Business-Type Activities	\$ 4,487,957	\$ (96,381)	\$ 4,501	\$ 2,753	\$ 4,398,831
Fiduciary Funds					
Pension and Other Employee Benefit Trust Funds	115,095,653	-	-	5,240	115,100,893
Total Fiduciary Funds	\$ 115,095,653	\$ -	\$ -	\$ 5,240	\$ 115,100,893
Discretely Presented Component Units	\$ 10,967,062	\$ 147,061	\$ (1,388)	\$ 123,946	\$ 11,236,680
Total Reporting Entity	\$ 165,634,668	\$ 50,680	\$ 3,113	\$ (33,367)	\$ 165,655,094

RSI and SI

The Statement addresses how to present in RSI and SI information that is affected by an accounting change or error correction.

Changes in accounting principles

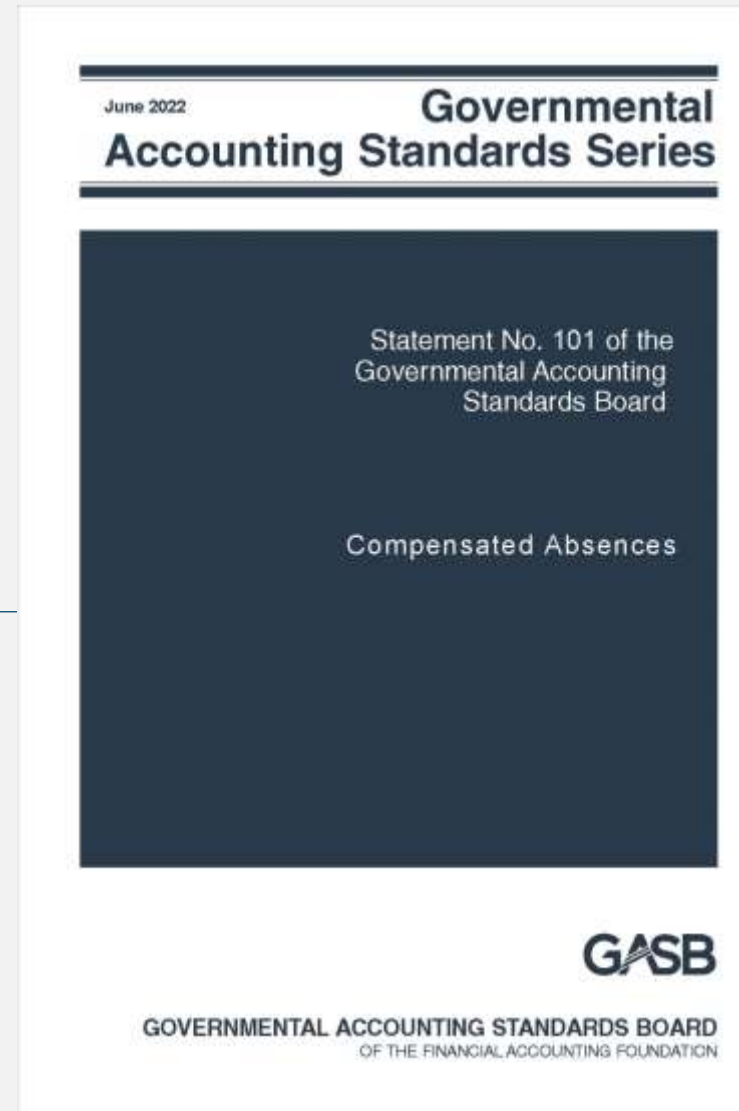
Periods earlier than those presented in basic financial statements should ***not*** be restated.

Error Corrections

Periods earlier than those presented in basic financial statements should be restated, if practicable.

Compensated Absences

Statement No. 101



Compensated Absences

What?

The Board has amended existing guidance for compensated absences

Why?

A review of Statement 16 indicated opportunities for improvement and additional guidance for certain types of leave

When?

Effective for fiscal years beginning after December 15, 2023.

Earlier application is encouraged

Scope and Applicability

A compensated absence is

- Leave for which employees may receive one or more:
 - Cash payments when the leave is used for time off
 - Other cash payments, such as payment for unused leave upon termination of employment
 - Noncash settlement, such as conversion to postemployment benefits

Examples:

- Vacation and sick leave
- Paid time off (PTO)
- Holidays
- Parental leave
- Certain types of sabbatical leave

Recognition Criteria – Leave that has not been used

Leave is attributable to services already rendered

- Employee has performed the services required to earn the leave

Leave accumulates

- Can be carried forward from reporting period when earned to a future reporting period when it will be used or otherwise paid or settled

Leave is *more likely than not* to be used for time off or otherwise paid or settled

- Likelihood of more than 50 percent

Exceptions to the General Recognition Approach

Leave more likely than not to be settled through conversion to defined benefit postemployment benefits

- Excluded from liability

Leave that is dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period

- Recognize liability when leave commences
- Parental leave, military leave, jury duty recognized when commences
- Not sick leave or sabbatical leave

Unlimited leave and holiday leave taken on specific date

- Recognize liability when used

Measurement

Pay rate

Employee's pay rate at financial reporting date

Exception:
More likely than not to be paid
at a different rate
(for example, 50% of pay rate)*

Salary-related payments

Directly and incrementally related

DC pension or OPEB recognized
as related leave is earned – not
pension or OPEB liability

DB pension or OPEB excluded

*Exception does not require the consideration
of pay adjustments after reporting period.

Leave Used But Not Paid



Liability for amount
of cash payment or
noncash settlement

Include applicable
salary-related
payments



Note Disclosures and Effective Date

➤ Note disclosures

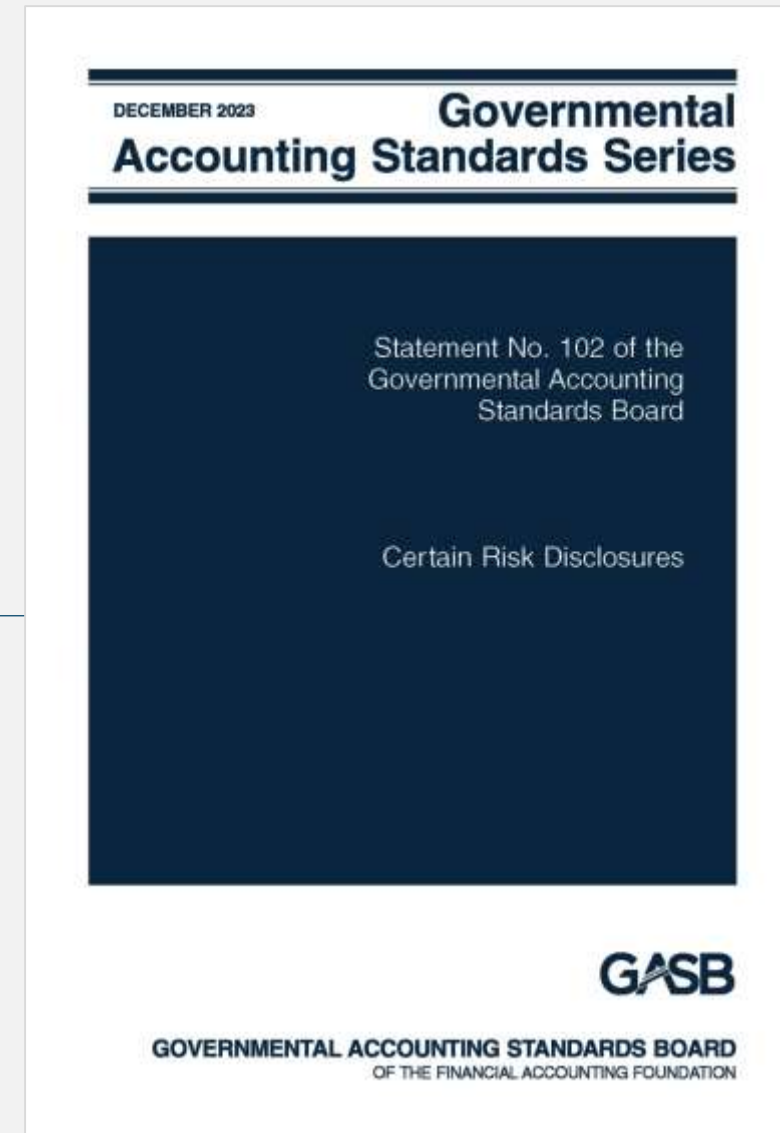
- ✓ No new note disclosures
- ✓ Exceptions to existing long-term liability disclosures for compensated absences:
 - *Option to present net increase or decrease with indication that it is a net amount*
 - *Not required to disclose governmental fund used to liquidate*

➤ Effective date

- ✓ Fiscal years beginning after December 15, 2023

Certain Risk Disclosures

Statement No. 102



Statement 102: Certain Risk Disclosures

What?

The Board has established requirements to disclose certain risks faced by governments.

Why?

Stakeholders asked the GASB to address this issue.

When?

Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

Earlier application is encouraged.

Scope: Concentrations and Constraints

Concentrations: lack of diversity in an aspect of a significant inflow or outflow of resources

- For example, the composition of (1) employers, (2) industries, (3) inflows of resources, (4) workforce covered by collective bargaining agreements, (5) providers of financial resources, and (6) suppliers of material, labor, or services

Constraints: limitations imposed by an external party or the government's highest level of decision-making authority

- For example, (1) limitations on raising revenue, (2) limitations on spending, (3) limitations on the incurrence of debt, and (4) mandated spending

Concentrations and constraints limit a government's ability to acquire resources or control spending.

Application of Disclosure Criteria:

Primary government reporting unit,
including blended component units, AND

Other reporting units that report a liability
for revenue debt

Disclosure Criteria

Disclosures would be required if a government determines that:

- A **concentration or constraint is known** to the government prior to the issuance of financial statements.
- The concentration or constraint makes the reporting unit vulnerable to the risk of a **substantial impact**.
- An **event or events associated with the concentration or constraint** that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

General Disclosure Principles

If comparative financial statements are presented, disclosure requirements only apply to the current period.

Some requirements may supplement other note disclosures; combine to avoid unnecessary duplication.

Information that is the same for more than one reporting unit should be combined to avoid unnecessary duplication.

Disclosure for discretely presented component units subject to paragraph 63 of Statement No. 14, The Financial Reporting Entity.

Disclosure Requirements:

Provide information in sufficient detail to enable users to understand the nature of the circumstances and the government's vulnerability to the risk of a substantial impact:

Description of the concentration or constraint

If they have occurred, description of each event associated with the concentration or constraint that could cause a substantial impact

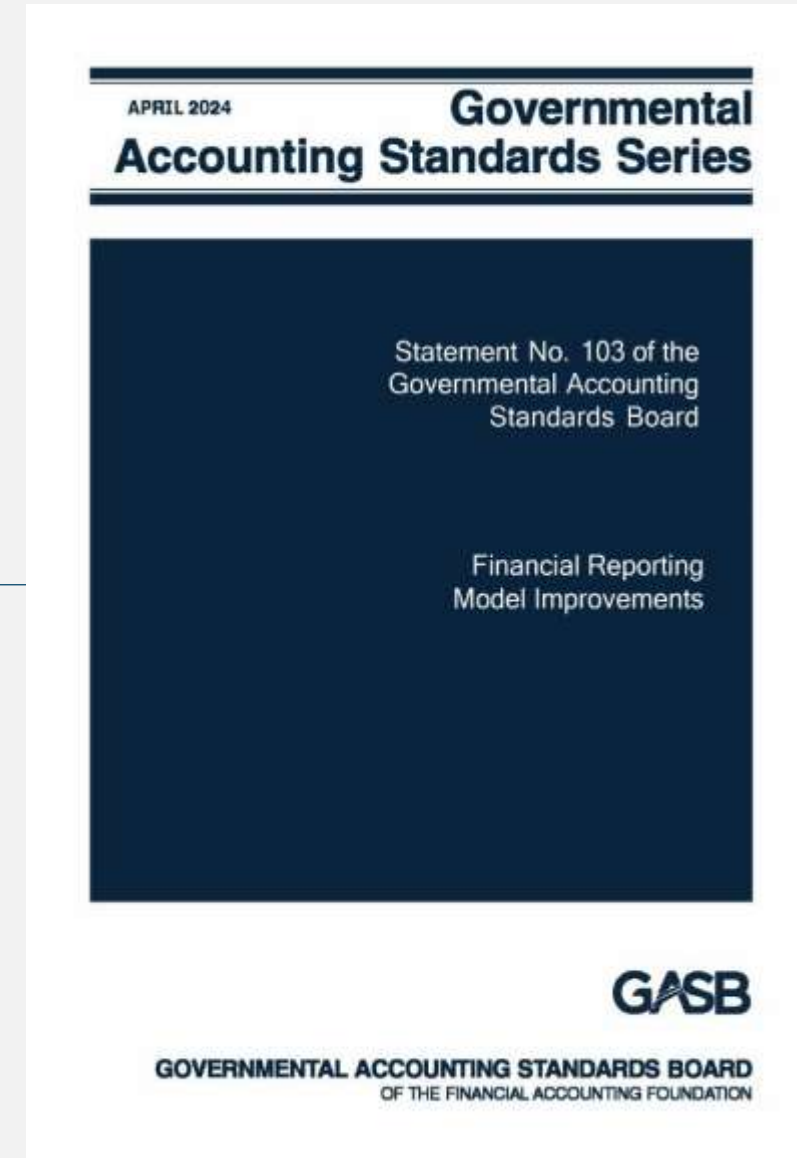
Description of actions taken by the government to mitigate the risk

Effective Date and Transition

- **Effective for fiscal years beginning after June 15, 2024**
 - ✓ All reporting periods thereafter
 - ✓ Transition is prospective

Financial Reporting Model Improvements

Statement No. 103



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	41,286	18,669	2,665	62,620	42,601
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	40,777	25,378	7,433	73,588	44,540
Operating income (loss)	509	(6,709)	(4,768)	(10,968)	(1,939)
NONCAPITAL SUBSIDIES					
Intergovernmental revenue	-	-	-	-	881
Transfers in	-	2,090	110	2,200	300
Transfers out	(1,980)	-	-	(1,980)	-
Total noncapital subsidies	(1,980)	2,090	110	220	1,181
Operating income (loss) and noncapital subsidies	(1,471)	(4,619)	(4,658)	(10,748)	(758)

**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

➤ Overall principles

- ✓ 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*
 - *Those affecting planned spending, for example, inflation, labor contracts, program changes*
 - ✓ 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

Current Technical Agenda Projects

Technical Plan Overview

➤ **Conceptual Framework:**

- ✓ Disclosure Framework
- ✓ ~~Recognition~~

➤ **Comprehensive Projects:**

- ✓ Financial Reporting Model Re-examination*
- ✓ Revenue and Expense Recognition

➤ **Major Projects:**

- ✓ Going Concern / Severe Financial Stress
- ✓ Infrastructure Assets

* - Governmental Funds removed 06/2023

▪ **Practice Issues:**

- Accounting Changes and Error Corrections (100)
- Compensated Absences (101)
- Implementation Guide—Update
- Nonfinancial Assets
- Omnibus (99)
- Certain Risks Disclosures (102)
- Subsequent Events

▪ **Pre-Agenda Research Activities:**

- GAAP Structure
- GAAP Conformity

Pre-Agenda Research / Monitoring Post-Implementation Reviews (PIR)

Monitoring

Digital Assets

Electronic Financial Reporting

Environmental Credits

Other

What is PIR?

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

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

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

Collects information from their preparers regarding staff **hours and 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.

Report 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

PIR Topics

➤ **Currently, the GASB is reviewing the following:**

- ✓ Statements 67 and 68 - Pensions
- ✓ Statement 72 - Fair value measurement and application
- ✓ Statements 74 and 75 - Other postemployment benefits
- ✓ Statement 84 - Fiduciary activities
- ✓ Statement 87 - Leases

PIR Status

Pronouncement	Completed			To be Completed			Current Quarter Activity
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Pensions	1Q 2019	4Q 2022	2Q 2024				• Report issued.
Fair Value	3Q 2020				4Q 2023	4Q 2024	<ul style="list-style-type: none"> Continued development of protocol and roundtable material. Began scheduling of roundtables.
OPEB	4Q 2021				4Q 2025	4Q 2026	• Virtual and in person roundtables have begun.
Fiduciary				4Q 2024	2Q 2028	2Q 2029	<ul style="list-style-type: none"> Continued archival analysis. Continued to administer costs surveys.
Leases				2Q2025	2Q 2029	2Q 2030	<ul style="list-style-type: none"> Continued archival analysis. Continued to administer costs surveys.

Classification of Nonfinancial Assets

Classification of Nonfinancial Assets

What?

The Board will review the existing classification of nonfinancial assets and other related sub-classifications (for example, capital assets or intangible assets).

Why?

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

When?

An Exposure Draft was issued in September 2023.

Exposure Draft: Disclosure and Classification of Certain Capital Assets

Certain capital assets would be required to be disclosed separately in the capital asset note disclosures required by Statement 34:

Assets	Disclose Separately?
Capital assets held for sale	By major class of asset
Intangible owned capital assets	By major class(es) of asset
Intangible lease assets (St. 87)	By major class(es) of underlying asset
Intangible subscription assets (St. 96)	Separate from other capital assets
Other assets representing right to use intangible assets	No but do not report with owned intangible assets

Exposure Draft—Capital Assets Held for Sale

➤ **Capital assets to be classified as held for sale if:**

- ✓ The government has decided to sell 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 occur within one year:**

- ✓ Asset is available for immediate sale in its present condition
- ✓ Active program to locate buyer has been initiated, may include being put out for bid
- ✓ Market conditions for the type of asset
- ✓ Regulatory approvals needed to sell the asset
- ✓ No change to measurement

Project Timeline

Pre-Agenda Research Started	August 2020
Added to Current Technical Agenda	December 2021
Deliberations Began	July 2022
Exposure Draft Issued	September 2023
Comment Deadline	January 5, 2024

Going Concern Uncertainties and Severe Financial Stress: Reexamination of Statement 56

Going Concern Uncertainties and Severe Financial Stress

What?

The Board will review existing standards related to going concern and address issues related to disclosures regarding going concern uncertainties and severe financial stress.

Why?

As it is currently defined, going concern may not be meaningful for governments, which hardly ever go out of business; users need information about governments' severe financial stress, but that information is not readily available.

When?

The Board added the project to its current technical agenda in December 2021.

Topics to Be Considered

How should the existing guidance on going concern uncertainties (including the definition of a going concern) be clarified or improved to reduce diversity in practice in applying the guidance?

How should severe financial stress be defined? How should that definition differ from going concern uncertainties?

If a government is determined to be exposed to severe financial stress, what relevant information should a government disclose in notes to financial statements?

Major Tentative Board Decisions - GCU

The proposed GCU guidance should be focused on **uncertainty about a government's existence**, regardless of its financial condition.

Going concern is the assumption that a governmental entity will continue to exist as the same legally separate entity, regardless of its financial condition.

Cease to be a going concern is the situation in which a governmental entity ceases to exist as the same legally separate entity, whether through a merger, acquisition, or dissolution without replacement.

Major Tentative Board Decisions - GCU

Going concern uncertainty is the **substantial doubt about whether a governmental entity will continue to exist** as the same legally separate entity, regardless of its financial condition. Substantial doubt means the likelihood is probable.

To identify whether there is GCU for disclosure purposes, a government should **evaluate all relevant factors** that indicate a likelihood of a potential government dissolution and determine whether all relevant factors, considered in the aggregate, indicate that GCU exists.

The starting point of the time horizon that GCU covers should be the date the financial statements are **available to be issued**. The length of the time horizon that GCU covers should be 12 months from the date the financial statements are available to be issued.

Major Tentative Board Decisions - SFS

The proposed SFS guidance should be focused on a **government's financial stress**, regardless of whether there is uncertainty about its continued existence.

A government should make severe financial stress disclosures when it is experiencing financial difficulties at such a degree that it is **near or at the point of insolvency**.

Governments should be required to assess whether they meet the SFS condition as of the financial statement date.

The assessment of the SFS condition should be made for only the primary government, including its blended component units.

Project Timeline

Pre-Agenda Research Started	April 2015
Added to Current Technical Agenda	December 2021
Deliberations Began	July 2022
Preliminary Views Scheduled to Be Considered for Issuance	December 2024
Exposure Draft Scheduled to Be Considered for Issuance	June 2026

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 added the project to its technical agenda in April 2023.

Topics to Be Considered

How should infrastructure assets be recognized and measured in financial statements? Should the optional use of the modified approach continue to be allowed to report infrastructure assets?

Should additional information related to maintenance and preservation of infrastructure assets be presented in financial statements and, if so, what information and what method of communication should be used to provide that information?

Major Tentative Decisions

Infrastructure assets should continue to be recognized and measured in financial statements using historical cost depreciation, except for those governments that elect to use the modified approach.

Requirements for use of the modified approach as described in Statement 34 generally should continue to apply.

Maintenance and preservation costs that have been pushed to future periods (“deferred maintenance”) should not be recognized as a liability in financial statements.

Project Timeline

Pre-Agenda Research Started	August 2019
Added to Current Technical Agenda	April 2023
Deliberations Began	May 2023
Preliminary Views Scheduled to Be Considered for Issuance	July 2024
Exposure Draft Scheduled to Be Considered for Issuance	January 2026

Subsequent Events

Subsequent Events

What?

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

Why?

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

When?

The Board added the project to its technical agenda in August 2023.

Topics to Be Considered

- **Definitions of recognized and nonrecognized events**
- **Information to be provided in basic financial statements**
- **Interactions with other GASB standards**

Major Tentative Decisions

➤ Scope

- ✓ Proposed requirements should be applied in the absence of more specific GASB standards.

➤ Subsequent events time frame

- ✓ Date the financial statements are available to be issued.

Major Tentative Decisions

➤ Recognized events

- ✓ Occur during the subsequent events time frame
- ✓ Indicative of conditions existing at the financial statement date that informs inputs to an accounting estimate measured as of the financial statement date
- ✓ Should be incorporated into measurement of accounting estimates reported as of the financial statement date.

Major Tentative Decisions

➤ Nonrecognized events

- ✓ Occur during the subsequent events time frame
- ✓ Have a significant effect (favorable or unfavorable) on 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, application of new tax rate, 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

Major Tentative Decisions

➤ Notes to financial statements

- ✓ Description of nonrecognized event
- ✓ Estimate of the effect of the nonrecognized event on basic financial statements
 - *Or reason why an estimate cannot be made*
- ✓ Correspond to reporting units
 - *Subject to paragraph 63 of Statement 14*
 - *Combine information to avoid unnecessary duplication*

Project Timeline

Pre-Agenda Research Started	July 2022
Added to Current Technical Agenda	August 2023
Deliberations Began	October 2023
Exposure Draft Scheduled to Be Considered for Issuance	November 2024

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.

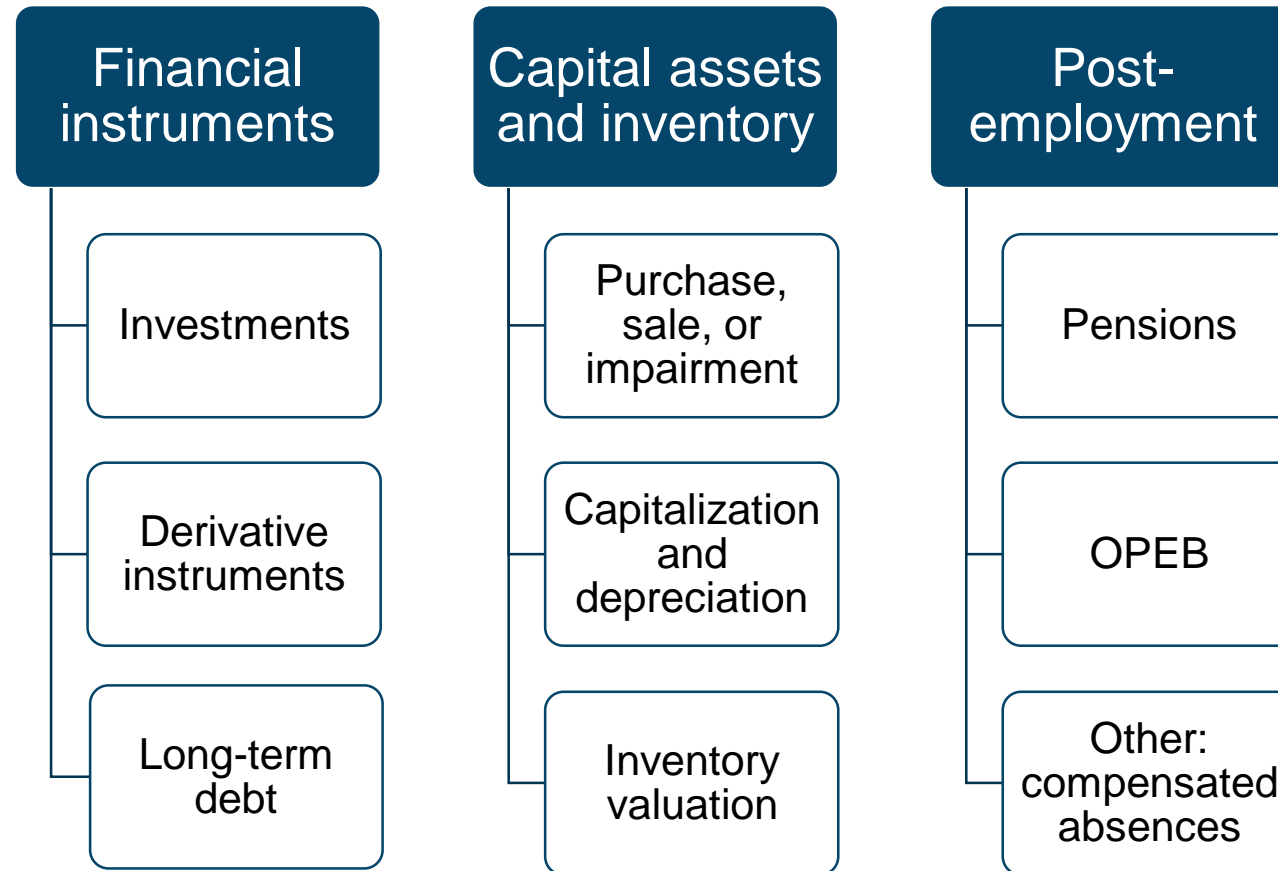
When?

Exposure Draft scheduled for November, 2025.

Final standard scheduled for June, 2027.

Scope of the Project

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



Scope in the Context of Standards

In Scope:

- Revenue and expense recognition from nonexchange transactions
 - Statements 6, 24, 33, and 36
- Revenue and expense recognition from exchange transactions
 - Statements 34 and 62

Out of Scope:

- Statements issued since Statement 63
- Statements that result from projects added to the technical agenda after April 2016

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

Proposed Categorization in the Preliminary Views

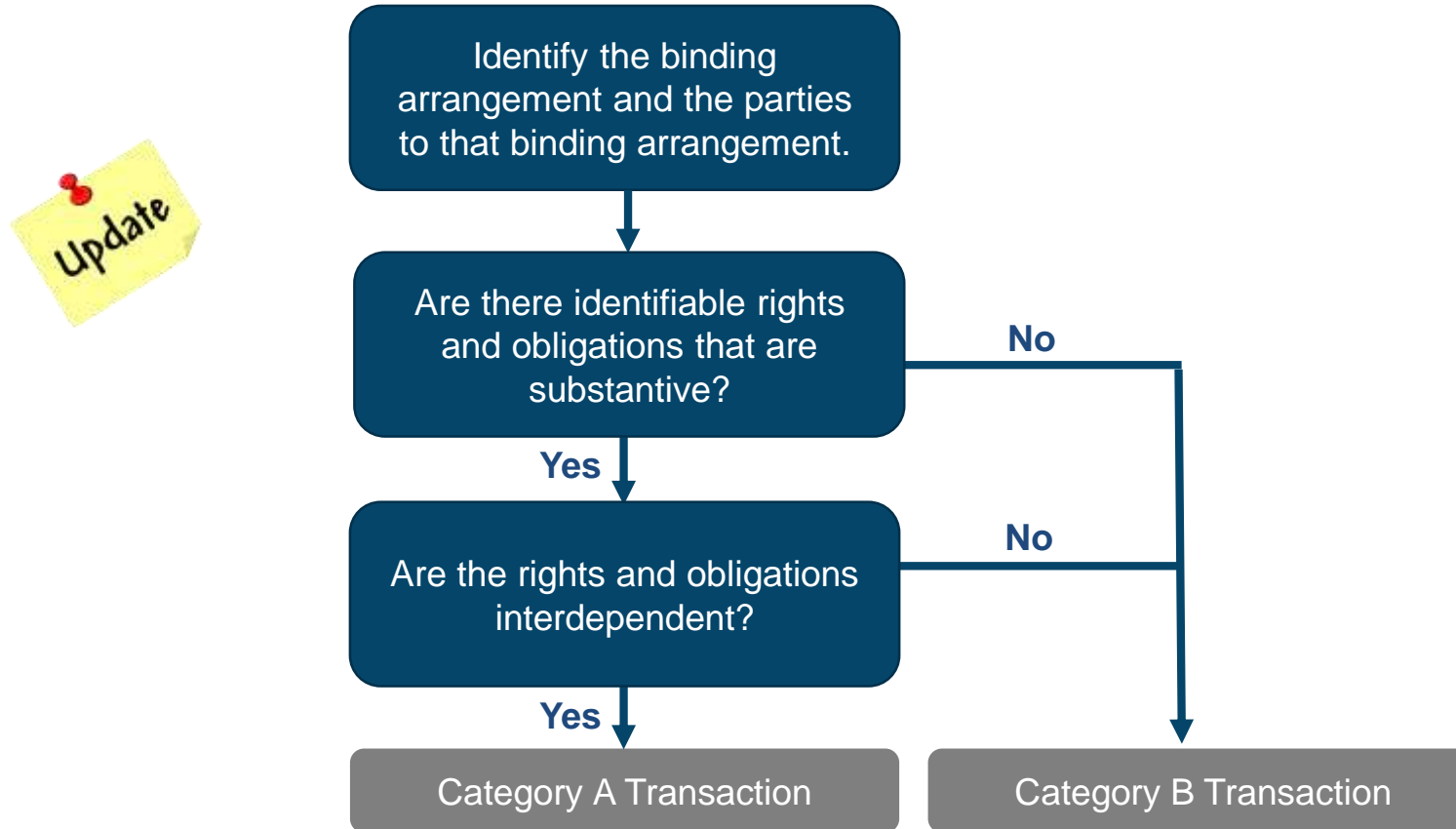
Category A Transactions

- Transactions are composed of acquisitions coupled with sacrifices or sacrifices coupled with acquisitions that are *interdependent*.

Category B Transactions

- Revenue and expense transactions are acquisitions without sacrifices, sacrifices without acquisitions, or acquisitions and sacrifices that are not interdependent.

Proposed Categorization Methodology



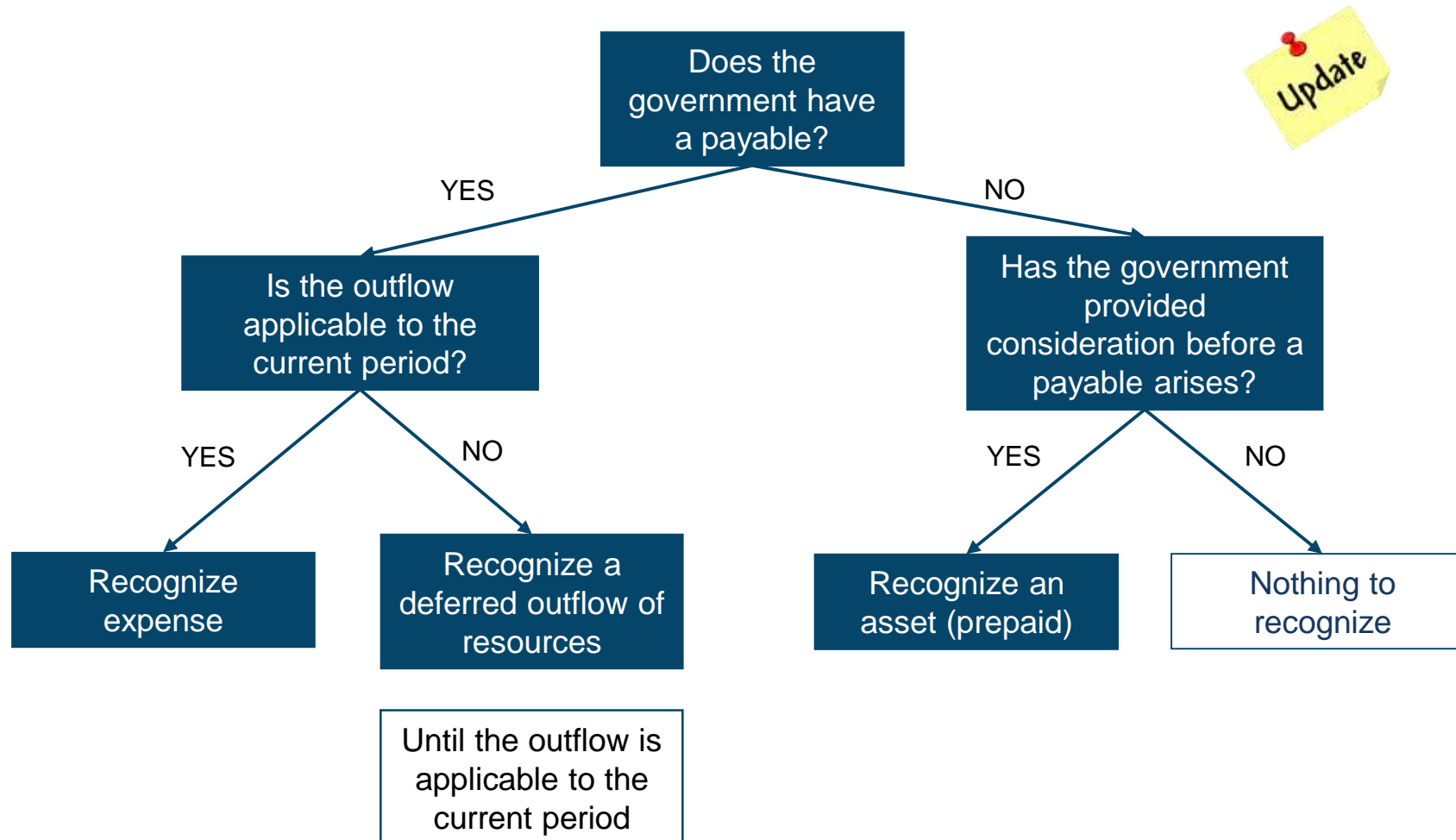
*The criteria is not required to be assessed in sequential order.

Outcomes of the Proposed Model *

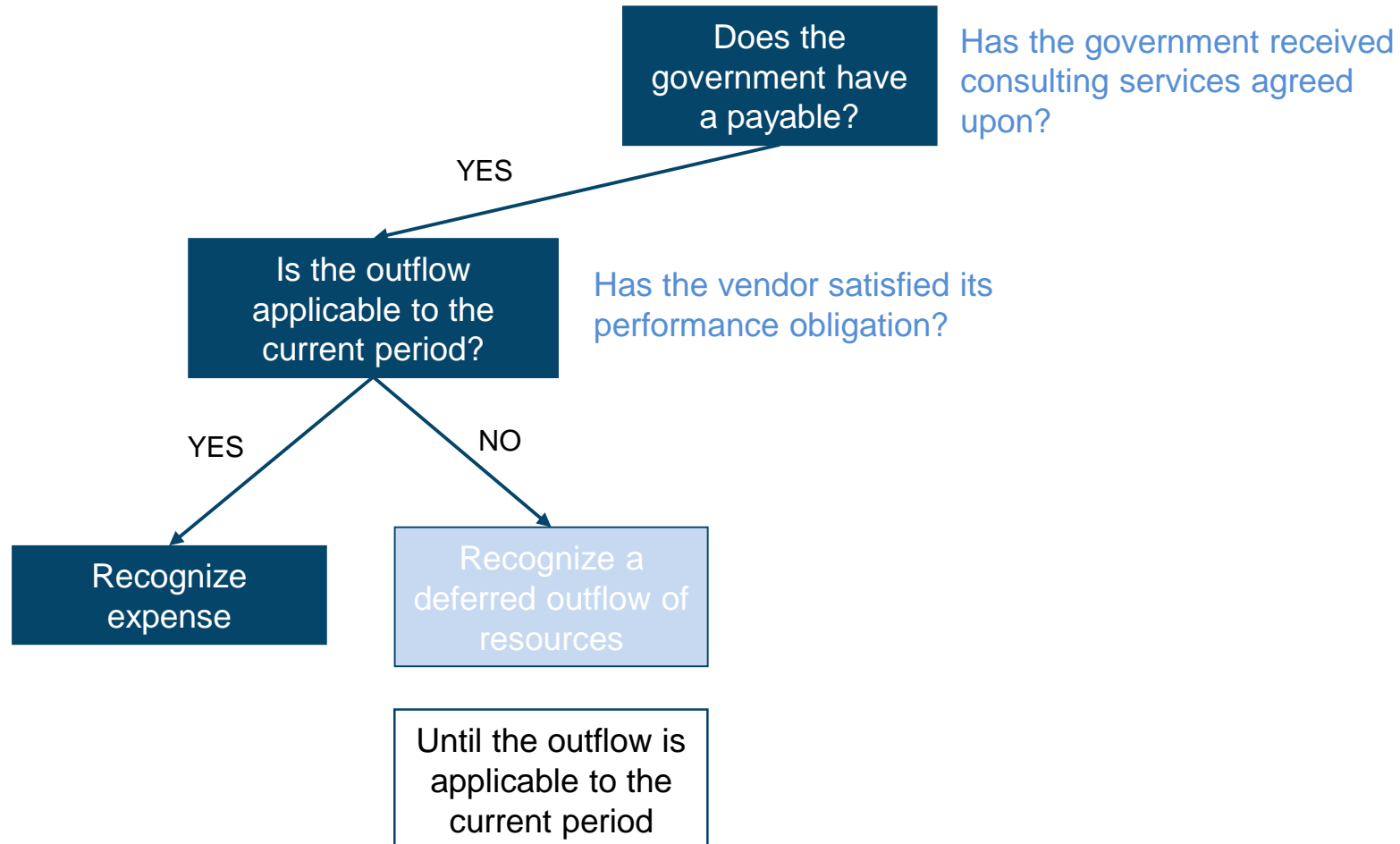
Category A	Category B
Fees for service (water, electric, garbage)	Taxes (property tax, income tax, sales tax)
Research grants and revolving loans	Punitive fees
Medicaid fees for services	Special assessments
Tuition fees	Donations
Most expenses	Regulatory fees (drivers licenses, building permits, marriage licenses, professional licenses)
	Eligibility-based grants and purpose-restricted grants
	Capital fees (developer fees, PFCs)

* Transactions highlighted in blue would have different outcomes than under current literature.

Proposed Expense Recognition Principles



Consulting Example—Part I



Consulting Example—Part II

Has the government received consulting services agreed upon?

Does the government have a payable?

NO

Has the government paid the consultant for future services?

Has the government provided consideration before a payable arises?

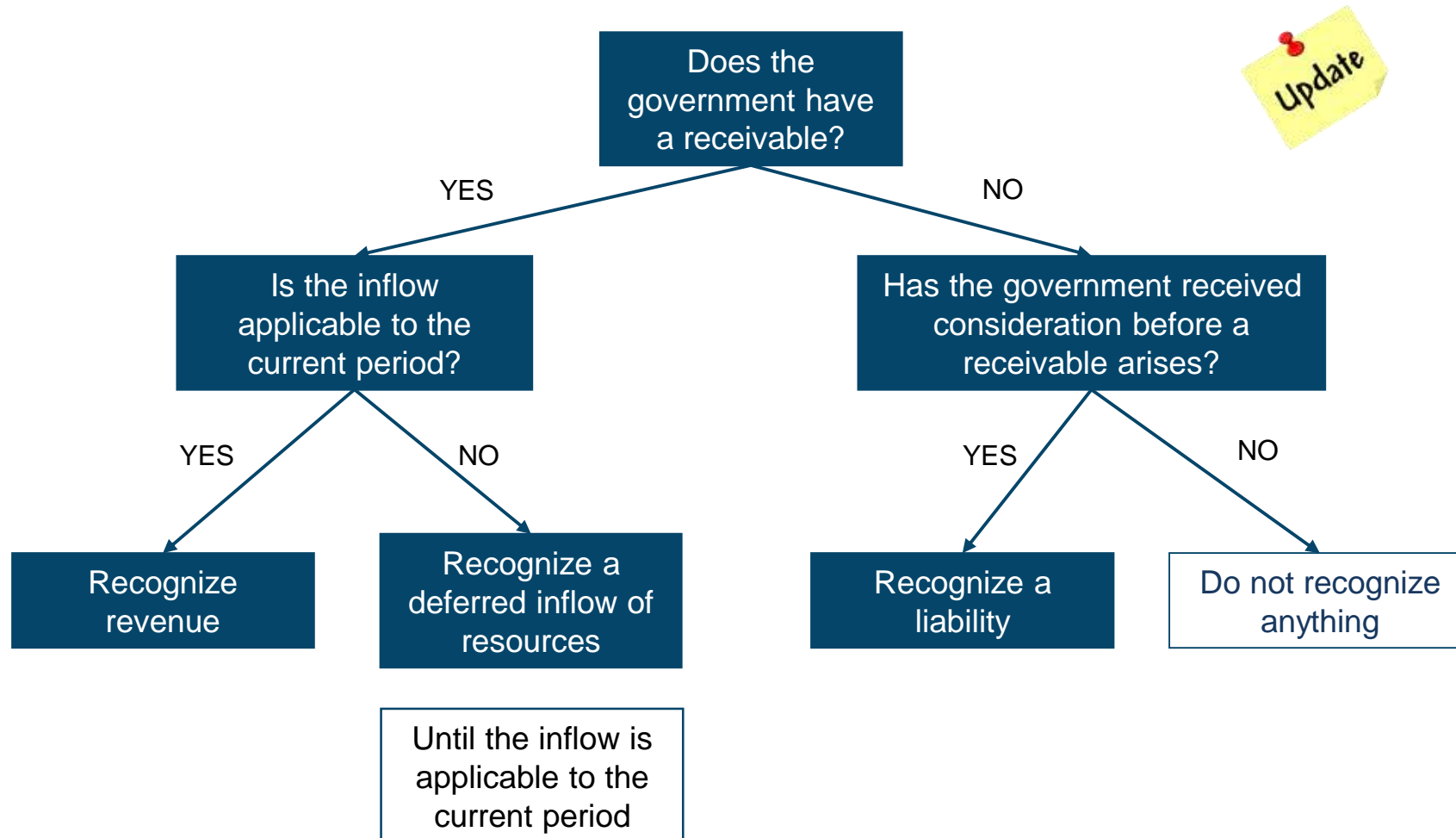
YES

NO

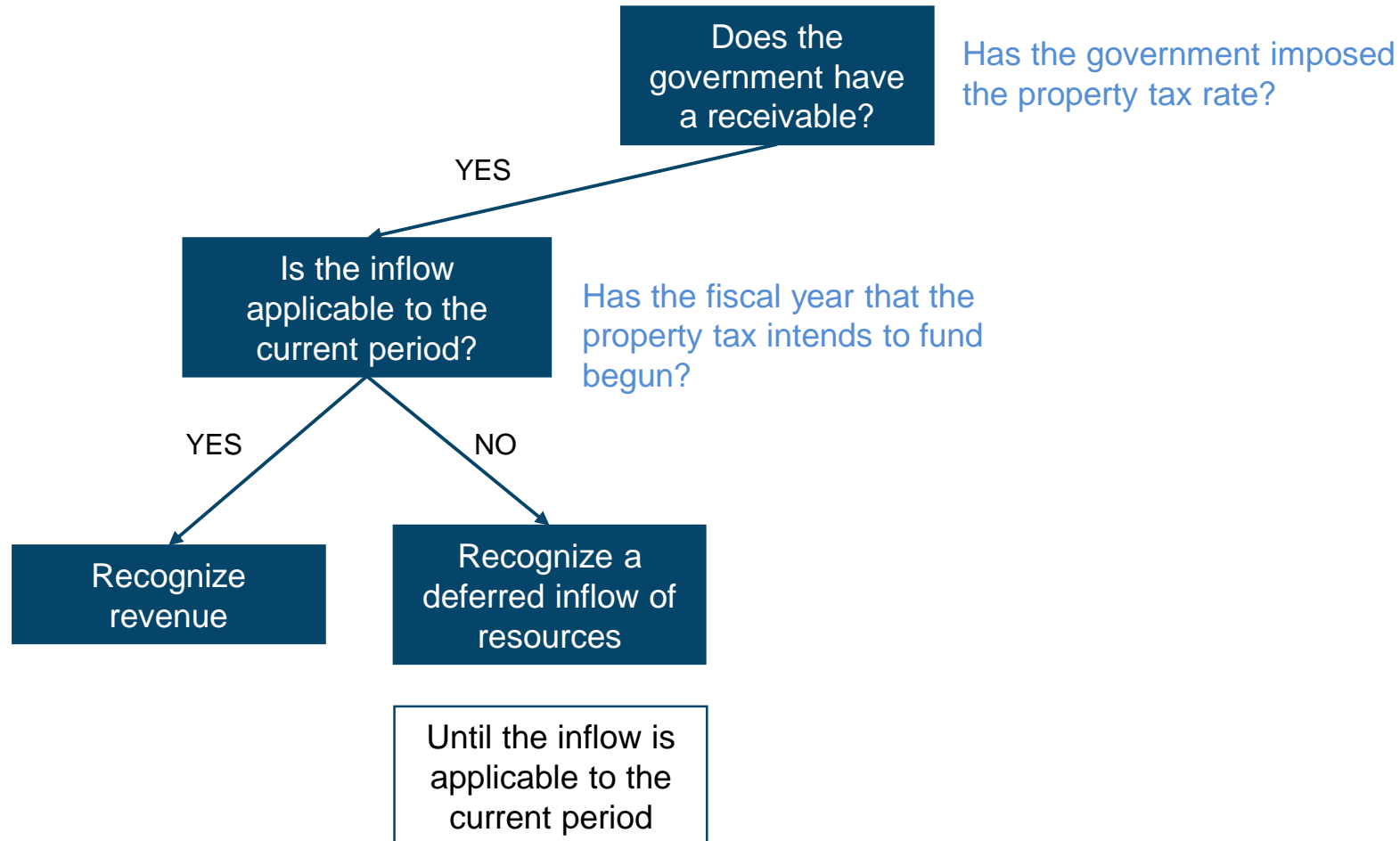
Recognize an asset (prepaid)

Nothing to recognize

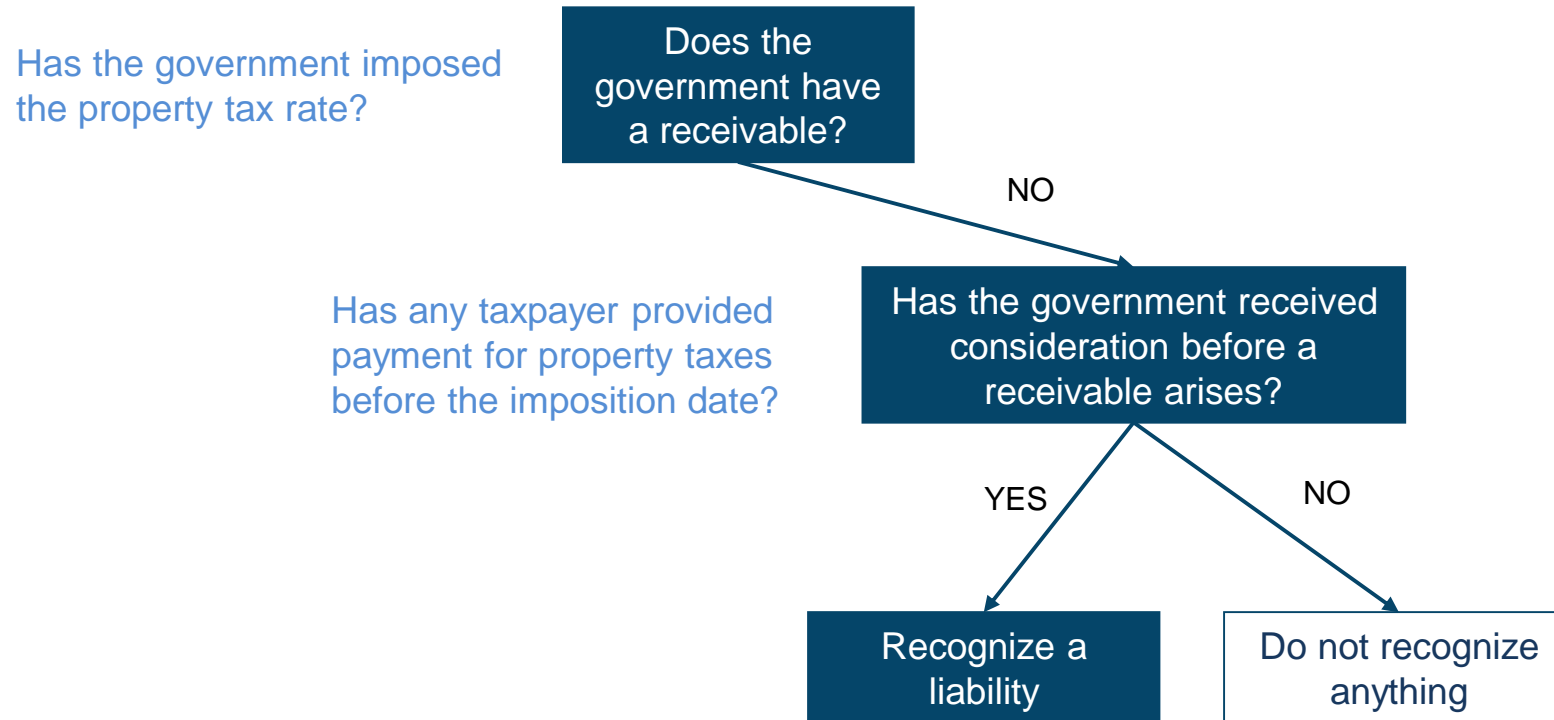
Proposed Revenue Recognition Principles



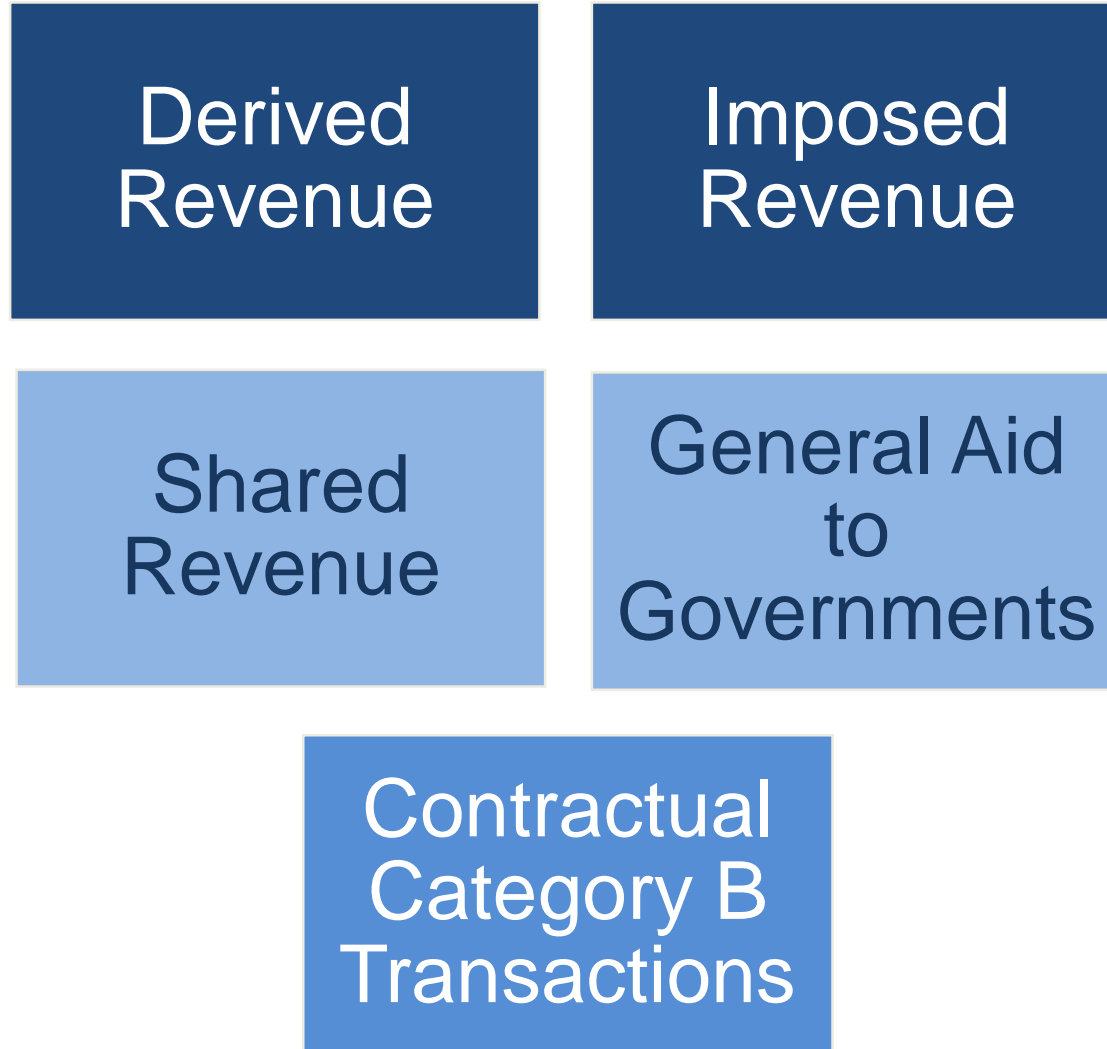
Property Taxes Revenue Example—Part I



Proposed Revenue Recognition Principles



Proposed Category B Subcategories



Proposals for Derived Category B Revenue

Characteristics

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

Recognition

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

Examples

- Sales tax
- Income taxes
- Passenger facility charges

Proposals for Imposed Revenues

Characteristics

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

Recognition

- Receivable is recognized when the underlying action or omission takes place

Examples

- Property taxes and special assessments
- Regulatory and punitive fees
- Escheats and seizures

Proposals for Property Taxes

Characteristics

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

Recognition

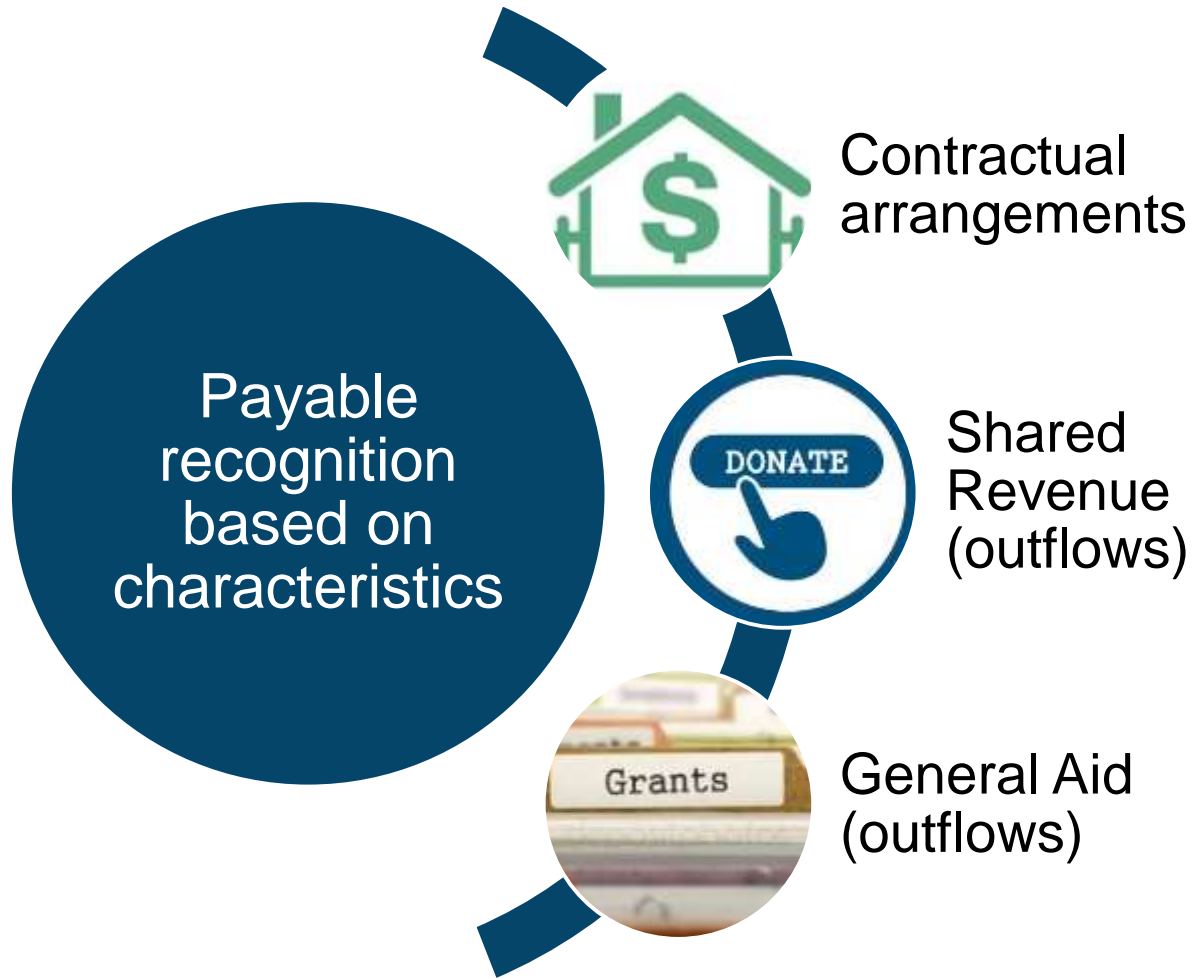
- Receivable is recognized when government imposes the tax amount or rate
- A deferred inflow of resources is recognized if the imposition occurs before the fiscal year the tax is intended to fund
- Revenue is recognized on the fiscal period the tax is intended to fund

General Aid to Governments and Shared Revenue

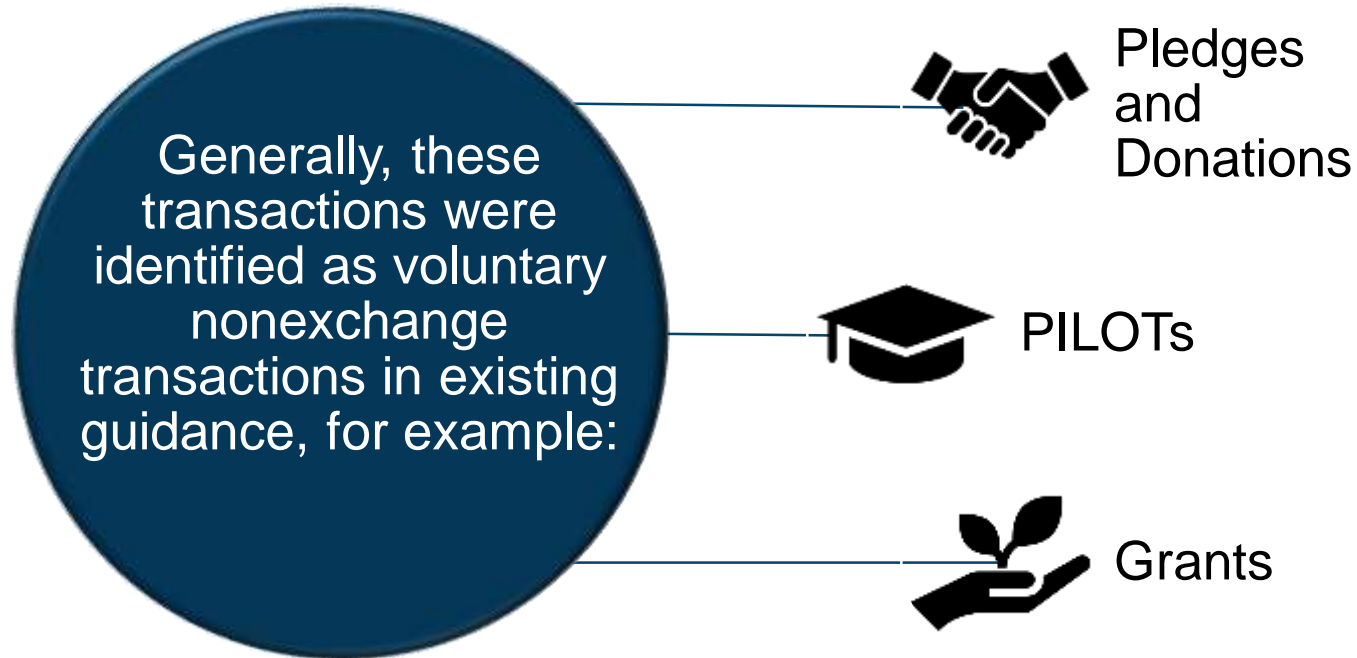
Receivables and payables recognition occurs when payments are due if the following two criteria are met:

- The resource provider has appropriated funds for the provision of resources and the period applicable has begun, and
- The resource provider intends to provide the resources to the resource recipient.

Category B Expense Recognition



Contractual Binding Arrangement—Category B Revenues and Expenses



Purpose Restrictions and Eligibility Requirements—Background



- Purpose Restrictions—do not affect recognition
- Eligibility Requirements
 - Required Characteristics of the Recipient
 - Time Requirements
 - Reimbursements
 - Contingencies
- Recognition occurs “when all eligibility requirements, including time requirements, are met.”
- Eligibility Requirements (other than time requirements) were identified as performance obligations

Tentative Recognition Attributes

Purpose Restrictions

- Only affect classification of net position, fund balance, or fund net position
- Limitations in how to deploy the service capacity of a resource

Qualifying Requirements

- Recognition attribute to establish a receivable and a payable can be recognized

Time Requirements

- Recognition attribute to establish the applicability to a reporting period

Tentative Decisions about Qualifying Requirements

Administrative Requirements	<ul style="list-style-type: none">• Filing reports or reimbursement requests	<input checked="" type="checkbox"/>
Qualifying Costs	<ul style="list-style-type: none">• Incurrence of cost in compliance with all other applicable requirements	<input checked="" type="checkbox"/>
Other Qualifying Requirements	<ul style="list-style-type: none">• Actions of the government not associated with costs, for example, outputs or outcomes	
Post Grant Compliance Requirements	<ul style="list-style-type: none">• 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.

Tentative Clarifications for Time Requirements

Time requirements are:

- Temporary limitations to use resources
- Imposed by the government's counterparty or enabling legislation
- Such that their use conveys the ability to sell, disburse, or consume a resource.

Time requirements are not:

- *Permanent* limitations to use resources
- Appropriations of the resource provider
- Contract terms or grant performance periods.

Proposed Recognition Principles for Category A Transactions

Identify distinct goods and services in the transaction



```
graph TD; A[Identify distinct goods and services in the transaction] --> B[Identify whether the transfer of control of resources occurs at a point in time or over time]; B --> C[Recognize transactions based on the satisfaction of performance obligations (each distinct good or service)];
```

Identify whether the transfer of control of resources occurs at a point in time or over time

Recognize transactions based on the satisfaction of performance obligations (each distinct good or service)

Category A Proposed Recognition Principles

Receivables and Payables

- Receivables and payables would be recognized at the satisfaction of a performance obligation.

Prepayments

- If a party prepay for the transaction, prepaid assets or liabilities would be recognized.

Deferred Inflows and Outflows of Resources

- Category A transactions do not include the recognition of deferrals.

Category A Revenue Recognition Examples

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

Bus Service

- The performance obligation is satisfied as the government makes the service available.

Tuition

- The performance obligation is satisfied as education is provided.

State Lottery

- The performance obligation is satisfied when the State provides the opportunity for financial gain.

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.

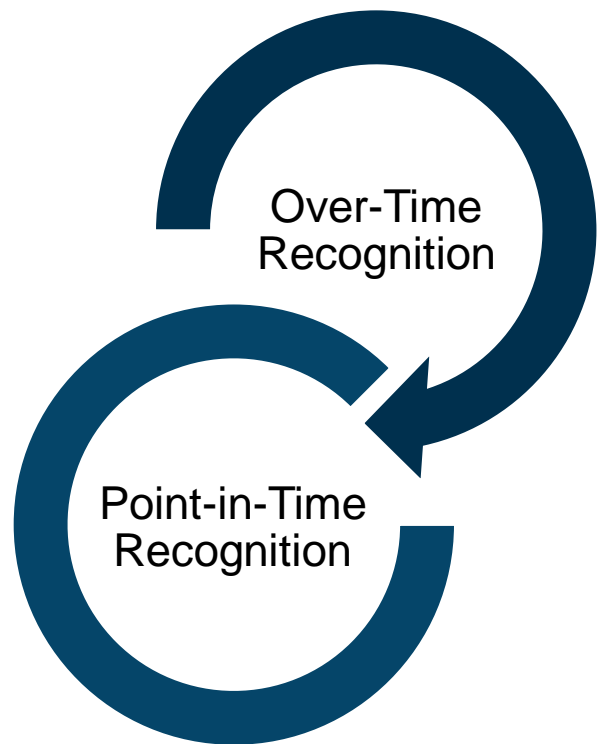
School District Hires CPA

- 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 also as the employees perform services over time.

Proposed 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, recognition is at a point in time.

Project Timeline

Pre-Agenda Research Started	September 2015
Added to Current Technical Agenda	April 2016
Invitation to Comment Cleared	January 23, 2018
Preliminary Views Approved	June 2020
Redeliberations Began	May 2021
Exposure Draft Scheduled to Be Considered for Issuance	March 2025

Pre-Agenda Research and Other Research Activities

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 Board added the pre-agenda research in August 2023.

Research Objectives

➤ Phase 1

- ✓ Evaluate the effectiveness of the GASB's current dual-authority approach to communicating GAAP.

➤ Phase 2

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

GAAP Utilization

GAAP Utilization

What?

The GASB is studying state-level financial reporting requirements for governments and also evaluating the determinants of GAAP choice.

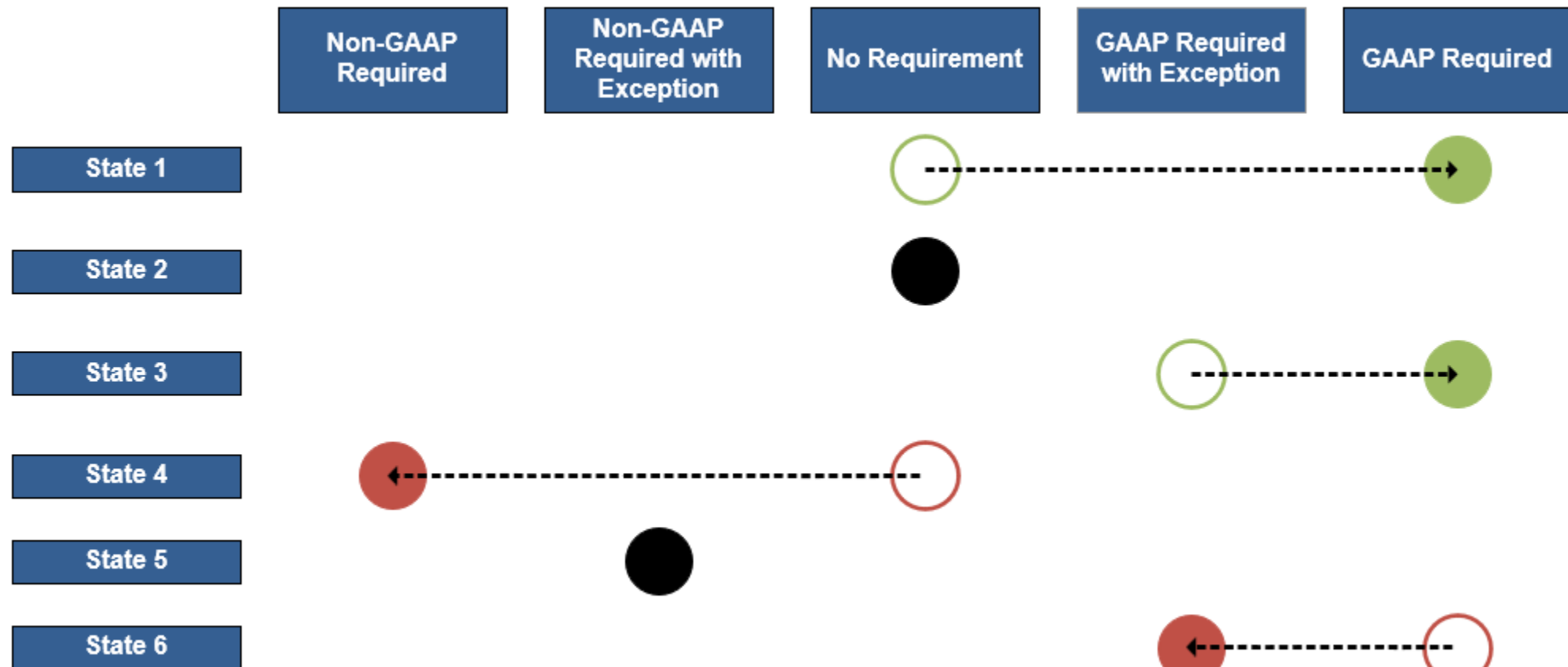
Why?

To gain an understanding of any shift in financial reporting requirements and determinants of GAAP choice to support EFR and broader impact.

When?

The Board added the research project in December 2023.

State-Level Financial Reporting Requirements 2024 and Future



Determinants of GAAP Choice

➤ **GAAP Conformity (1, 0) = function of:**

- ✓ State requirements
- ✓ Size of government (total revenue)
- ✓ MSRB filer
- ✓ FAC filer
- ✓ Other control variables.

➤ **Will be able to replicate periodically to determine shift in financial reporting framework choice.**

Questions?

Visit www.gasb.org