

AGA Webinar



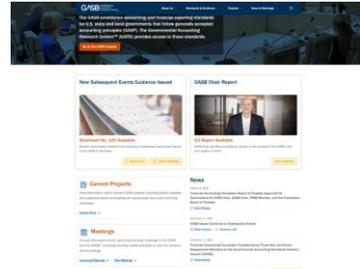
### GASB UPDATE

Alan S. Skelton, CPA, Director of Research and Technical Activities  
 Lisa R. Parker, CPA, CGMA, Senior Project Manager and GASAC Coordinator

February 4, 2026  
 The views expressed in the presentation are those of Mr. Skelton and Ms. Parker. Official positions of the GASB are reached only after extensive due process and deliberation.

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### 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)

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### Effective Dates

- December 31: Fiscal Year 2025**
  - Statement 102—*Certain Risk Disclosures*
- 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*

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### 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*

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## Materiality

Included in EVERY Statement:

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

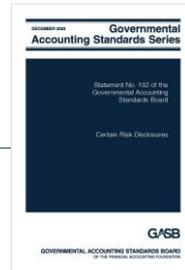
## Presentation Overview

-  Pronouncements being implemented
-  Projects currently being deliberated by the Board
-  Pre-agenda research and other research activities
-  Post-implementation review

## Pronouncements Being Implemented

## Certain Risk Disclosures

Statement No. 102



## Statement 102: Certain Risk Disclosures

What?	Why?	When?
The Board has established requirements to disclose certain risks faced by governments.	Stakeholders asked the GASB to address this issue.	Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.  Earlier application is encouraged.

## Scope and Definitions: 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

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### Disclosure Criteria

Disclosures are 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.

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### 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.

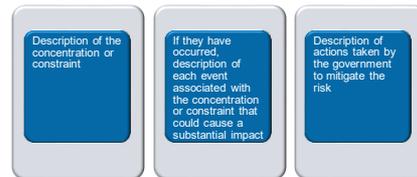
Information that is the same for more than one reporting unit should be combined to avoid unnecessary duplication.

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

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### 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:



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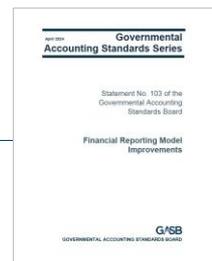
### Effective Date and Transition

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

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### Financial Reporting Model Improvements

Statement No. 103



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## 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.

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## 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
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## Proprietary Funds—Operating and Nonoperating

Separate presentation of operating and nonoperating revenues and expenses

Operating

- Activities other than nonoperating activities

- 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

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## 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

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Sample City  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
for the Year Ended June 30, 2025  
(amounts expressed in thousands)

	Enterprise Funds				
	Public Utility	Transit Authority	Golf Courses	Total	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 41,053	\$ 18,638	\$ 2,961	\$ 62,652	\$ 42,523
Miscellaneous	203	33	104	420	78
<b>Total operating revenues</b>	<b>41,256</b>	<b>18,671</b>	<b>3,065</b>	<b>63,022</b>	<b>42,601</b>
<b>OPERATING EXPENSES</b>					
Personnel services	13,291	-	-	13,291	5,738
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	(3,097)	-	185	(2,232)	7,814
<b>Total operating expenses</b>	<b>35,777</b>	<b>25,378</b>	<b>7,453</b>	<b>68,608</b>	<b>44,467</b>
Operating income (loss)	5,479	(6,707)	(4,388)	(5,615)	(1,866)
<b>NONCAPITAL SUBSIDIES</b>					
Intergovernmental revenue	-	-	-	-	881
Transfers in	-	2,090	110	2,290	300
Transfers out	(1,080)	-	-	(1,080)	-
<b>Total noncapital subsidies</b>	<b>(1,080)</b>	<b>2,090</b>	<b>110</b>	<b>1,120</b>	<b>1,181</b>
Operating income (loss) and noncapital subsidies	(5,615)	(4,617)	(4,278)	(8,573)	(2,985)

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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	1,032	15,360	2,384	18,776	1,215
<b>Total other nonoperating revenue (expenses)</b>	<b>3,556</b>	<b>14,987</b>	<b>1,524</b>	<b>20,067</b>	<b>1,664</b>
Increase (decrease) in fund net position	2,985	10,368	(3,134)	9,319	906
Fund net position—beginning of period	331,657	177,997	29,423	539,077	12,387
<b>Fund net position—end of period</b>	<b>\$ 334,642</b>	<b>\$ 188,365</b>	<b>\$ 26,289</b>	<b>\$ 548,396</b>	<b>\$ 13,293</b>

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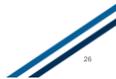
## Management's Discussion and Analysis

- 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



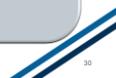
## Budgetary Comparisons and Major Component Unit Presentations

Budgetary Comparisons	<ul style="list-style-type: none"> <li>• Would be presented as required supplementary information (no option for basic statements).</li> <li>• Required variances would be final-budget-to-actual and original-budget-to-final-budget.</li> </ul>
Major Component Unit Presentations	<ul style="list-style-type: none"> <li>• 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.</li> </ul>



## Unusual or Infrequent Items

Unusual or Infrequent Items	<ul style="list-style-type: none"> <li>• Separately present inflows and outflows of resources that are unusual in nature and/or infrequent in occurrence (replacing extraordinary and special items).</li> <li>• 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.</li> </ul>
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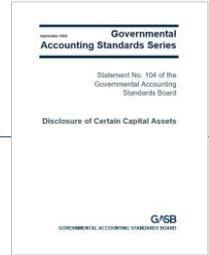


### Effective Date and Transition

- 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



### Disclosure of Certain Capital Assets

What?	Why?	When?
Establishes 1) Requirements for certain capital assets to be disclosed separately in Statement 34 disclosures 2) Capital assets held for sale	Provide essential information to users about certain types of nonfinancial assets	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



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## 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.

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## 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**

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## 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

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## 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

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## 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

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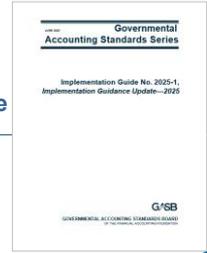
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## Effective Date and Transition

- 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



## Implementation Guidance Update

What?	Why?	When?
The need for updates to Q&A implementation guidance is considered annually.	New guidance is added as new pronouncements are issued and new issues arise.	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

## Technical Plan Overview

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>▪ <b>Comprehensive Projects:</b> <ul style="list-style-type: none"> <li>- Revenue and Expense Recognition</li> </ul> </li> <li>▪ <b>Major Projects:</b> <ul style="list-style-type: none"> <li>- Going Concern/Severe Financial Stress</li> <li>- Infrastructure Assets</li> </ul> </li> <li>▪ <b>Practice Issues:</b> <ul style="list-style-type: none"> <li>- Implementation Guide—Update</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▪ <b>Technology Project:</b> <ul style="list-style-type: none"> <li>- Voluntary Digital Financial Reporting</li> </ul> </li> <li>▪ <b>Research Activities:</b> <ul style="list-style-type: none"> <li>- Cybersecurity Risk Disclosures</li> <li>- Revenue and Expense – Note Disclosures</li> <li>- GAAP Structure</li> <li>- Pension &amp; OPEB Disclosures – Concepts Statement 7</li> </ul> </li> </ul> |
|---|---|

## 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. Comment deadline was June 30, 2025.

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## 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



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## Implementation Guidance on Financial Reporting Model Improvements—Subsidies

What?	Why?	When?
The need for updates to Q&A implementation guidance is considered annually.	New guidance is added as new pronouncements are issued and new issues arise. This guidance specifically addresses the Statement 103 provisions related to subsidies.	The Board is expected to clear the issuance of a proposed Exposure Draft in February 2026.  Effective for fiscal years beginning after June 15, 2026. Earlier application is encouraged.



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## Implementation Guide Update—2025

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



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## Infrastructure Assets



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## Infrastructure Assets

What?	Why?	When?
The GASB is evaluating existing guidance related to infrastructure assets and the usefulness of information reported by governments.	Stakeholders have asked the GASB to review various aspects of infrastructure asset reporting; the most relevant standards have been in effect 15-20 years.	The Board issued a Preliminary Views in September 2024. Comment deadline was January 17, 2025.



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## Preliminary Views

Infrastructure assets should continue to be recognized and measured in financial statements using historical cost net of accumulated 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.



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## Preliminary Views on Measurement Using Historical Cost

Estimated useful lives and salvage values of infrastructure assets should be reviewed periodically and adjusted, if necessary

Each component of an infrastructure asset with a cost that is significant in relation to the total cost of the infrastructure assets should be depreciated separately if the useful life is different

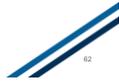


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## Proposed Disclosures

Summary of policy for monitoring and maintaining or preserving infrastructure assets

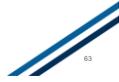
Historical cost, accumulated depreciation, and weighted average of historical cost of infrastructure assets that have exceeded 80 percent of their estimated useful lives with separate disclosure of those (a) that have exceeded their estimated useful lives and (b) those that have exceeded 80 percent of their estimated useful lives but have not exceeded their estimated useful life



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## Proposed Removed Disclosure

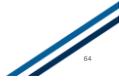
Description of modified approach in summary of significant accounting policies for infrastructure assets reported using the modified approach



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## 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 Scheduled to Be Considered for Issuance	March 2026



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## Revenue and Expense Recognition



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## 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?**

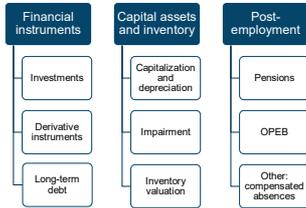
Exposure Draft scheduled for March 2027



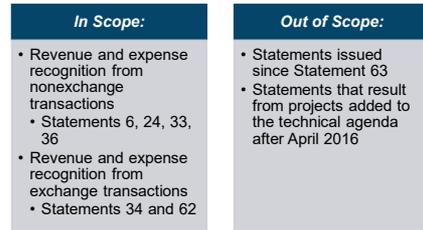
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### Scope of the Project

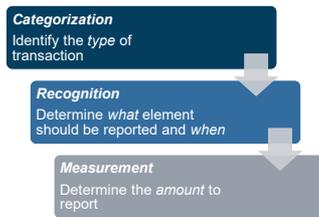
- The scope is defined broadly to include revenues and expenses that are not **explicitly excluded**:



### Scope in the Context of Standards



### Proposed Recognition Model Components

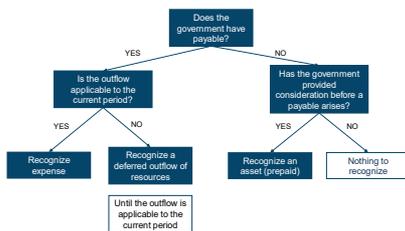


### Categorization Methodology

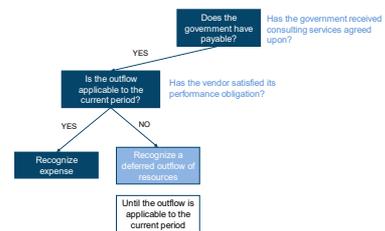
Process to identify transactions as Category A (include a performance obligation, or Category B (does not include a performance obligation))



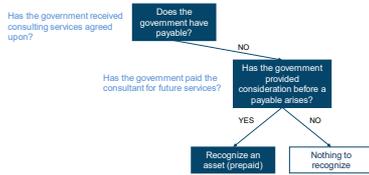
### Proposed Expense Recognition Principles



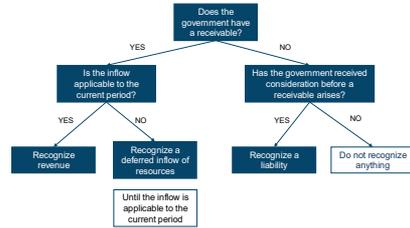
### Consulting Expense Example—Part I



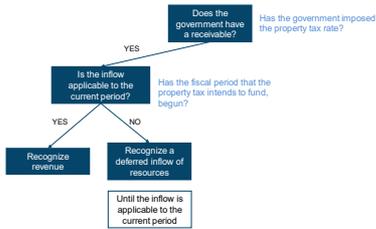
Consulting Expense Example—Part II



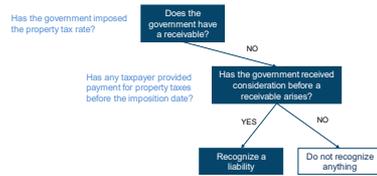
Proposed Revenue Recognition Principles



Property Taxes Revenue Example—Part I



Property Taxes Revenue Example—Part II



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	Recognition	Examples
<ul style="list-style-type: none"> <li>A government imposes a requirement to provide resources</li> <li>Upon the occurrence of an underlying transaction</li> </ul>	<ul style="list-style-type: none"> <li>Receivable is recognized when the underlying transaction occurred</li> <li>Revenue is generally recognized along with the receivable</li> </ul>	<ul style="list-style-type: none"> <li>Sales Tax</li> <li>Personal and Corporate Income Taxes</li> <li>Passenger Facility Charges</li> </ul>

Imposed on Actions Committed or Omitted

Characteristics	Recognition	Examples
<ul style="list-style-type: none"> <li>A government <b>imposes</b> a requirement to provide resources</li> <li>Upon an action or an omission</li> </ul>	<ul style="list-style-type: none"> <li>Receivable is recognized when the underlying action or omission takes place</li> <li>Revenue is generally recognized along with the receivable</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory fees: Fishing License</li> <li>Punitive fees: Moving Violations</li> <li>Escheats and seizures</li> </ul>

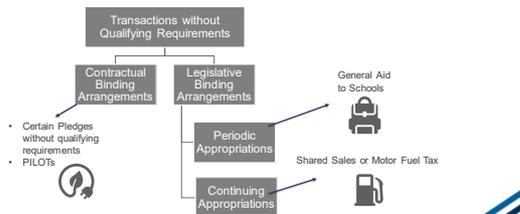
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Imposition on Property Ownership

Characteristics	Recognition	Examples
<ul style="list-style-type: none"> <li>A government <b>imposes</b> a requirement to provide resources</li> <li>On property ownership</li> <li>Personal property</li> <li>Real Property</li> </ul>	<ul style="list-style-type: none"> <li><b>Receivable is recognized at the imposition date</b></li> <li>A deferred inflow of resources is recognized if the imposition occurs before the fiscal period the tax is intended to fund</li> <li>Revenue is recognized in the fiscal period the tax is intended to fund</li> </ul>	<ul style="list-style-type: none"> <li>Real Property Tax</li> <li>Personal Property Tax</li> </ul>

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Transactions without Qualifying Requirements—Examples



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Transactions without Qualifying Requirements — Recognition

General Aid to Schools (Periodic Appropriation)	Shared Revenue (Continuing Appropriation)	Pledges (without Qualifying Requirements)
<ul style="list-style-type: none"> <li>The provider government has appropriated the resources.</li> <li>The period of the appropriation has begun, and</li> <li>The provider government intends to provide the resources.</li> </ul>	<ul style="list-style-type: none"> <li>Recipient recognizes the asset when the underlying transaction has occurred if:</li> <li>There is an appropriation (if required), and</li> <li>The provider government intends to provide the resources</li> </ul>	<ul style="list-style-type: none"> <li>Recognize a receivable when the government receives or becomes aware of the binding arrangement.</li> <li>If subject to time requirements, recognize a DIR.</li> </ul>

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Transactions with Qualifying Requirements—Proposed Clarifications

Characteristics	Recognition
<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Recipient recognizes a receivable when qualifying requirements are satisfied.</li> </ul>

- 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.

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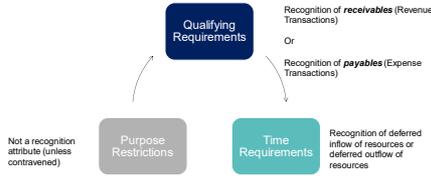
Tentative Decisions about Qualifying Requirements

Administrative Requirements	Filing reports or reimbursement requests	
Qualifying Costs	Incurrence of cost in compliance with all other applicable requirements	<input checked="" type="checkbox"/>
Other Qualifying Requirements	Actions of the government not associated with costs, for example, outputs or outcomes	<input checked="" type="checkbox"/>
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.

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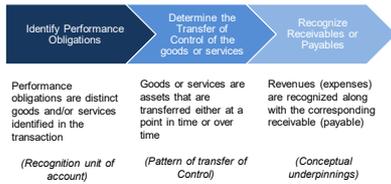
### Transactions with Qualifying Requirements—Clarifications



### Purpose Restrictions and Time Requirements

Purpose Restrictions	Time Requirements
<ul style="list-style-type: none"> <li>Externally imposed or imposed by law that limits the activities or programs for which resources can be deployed</li> <li>Not a recognition attribute</li> <li>Not self-imposed</li> <li>Can simultaneously exist with qualifying requirements</li> <li>Motor fuel tax</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>A recognition attribute that establishes the existence of a deferral</li> <li>Neither permanent constraint nor self-imposed</li> <li>Not appropriations nor performance periods</li> <li>For example, property taxes to fund a specific fiscal period.</li> </ul>

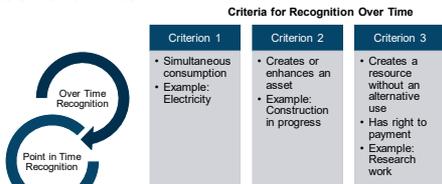
### Proposed Recognition Principles for Category A Transactions



### Criteria for Identifying Performance Obligations

<p>Service capacity of the good or service can be obtained by being:</p> <ol style="list-style-type: none"> <li>Combined with readily available resources</li> <li>Used, consumed, or sold</li> </ol>	<p>Goods and services are separately identifiable within the context of the transaction. Indications that they are NOT separately identifiable:</p> <ol style="list-style-type: none"> <li>Significant integration</li> <li>Significant customization</li> <li>Highly interrelated</li> </ol>
<p>Goods and/or services may be combined into bundles, or a transaction may result in a single performance obligation</p>	

### Category A Revenue Recognition: Over Time or Point in Time



- 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.

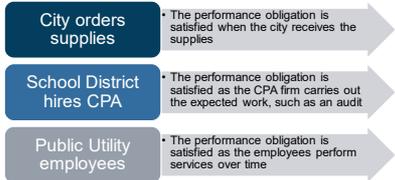
### Category A Revenue Recognition Examples

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

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.



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### Pre-Agenda Research and Technology Project

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### Pre-Agenda Research

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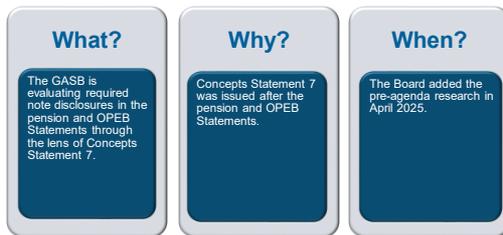
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### Pension and OPEB Disclosures—Concepts Statement 7

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### Pension and OPEB Disclosures—Concepts Statement 7



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### 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)

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## Cybersecurity Risk Disclosures

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## 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 pre-agenda research in December 2024.

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## Research 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

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## GAAP Structure

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## 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.

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## 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.

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## Revenue and Expense Recognition—Note Disclosures

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## 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.

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## 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

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## Technology Project

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## Voluntary Digital Financial Reporting

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## 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.

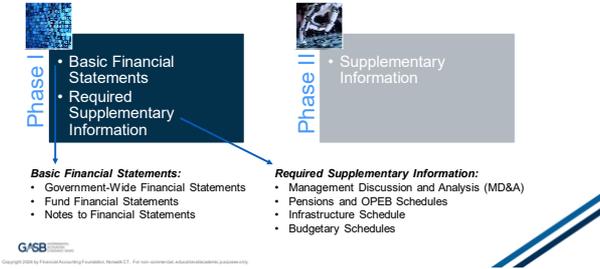
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## GASB GAAP Taxonomy Voluntary Digital Financial Reporting Project



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## Post-Implementation Review (PIR)

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### 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:



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### 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

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### How does the GASB involve stakeholders in PIR?



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### Which Statements Are under Review?

- Statement 75—Employer Reporting for Other Postemployment Benefits (OPEB)
- Statement 84—Fiduciary Activities
- Statement 87—Leases

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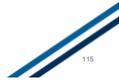
### What is the status of the PIRs?

OPEB	Archival data collection completed for year prior to implementation, implementation year, second year of implementation, and fifth year of implementation; Collection of implementation effort and cost information completed; Roundtables completed, and results summarized; user, preparer, and auditor surveys completed and results summarized
Fiduciary activities	Collection of implementation effort and cost information completed
Leases	Collection of implementation effort and cost information completed; archival data collection has begun



### Questions?

Visit [www.gasb.org](http://www.gasb.org)



### Thank You

