

2026 FGFOA School of Government Finance

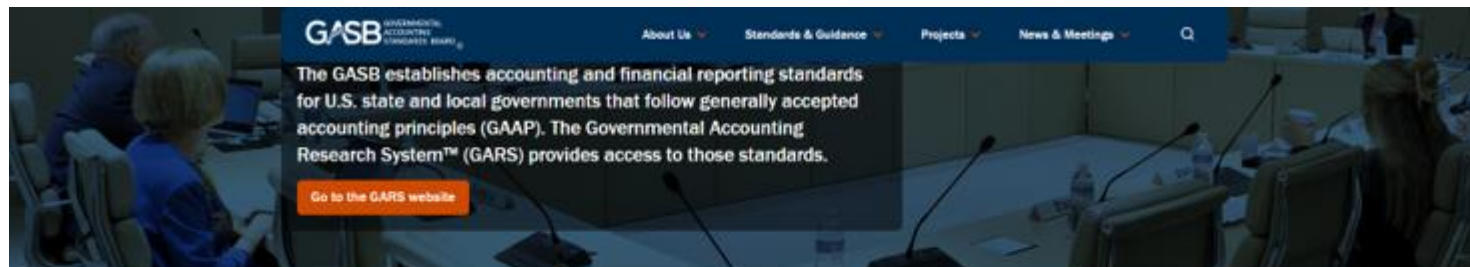


GASB UPDATE

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Keith Professor of Accountancy, USF
GASB Vice Chair

October 30, 2026

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

New Subsequent Events Guidance Issued



Statement No. 105 Available

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

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

GASB Chair Report



Q3 Report Available

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

[View Reports](#)

Current Projects

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

[Explore More →](#)

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.

[Upcoming Meetings →](#) [Past Meetings →](#)

News

January 8, 2026

Financial Accounting Foundation Board of Trustees Issue Call for Nominations for FASB Chair, GASB Chair, FASB Member, and the Foundation Board of Trustees

[News Release](#)

December 17, 2025

GASB Issues Guidance on Subsequent Events

[Media Advisory](#) [Statement 105](#)

December 17, 2025

Financial Accounting Foundation Trustees Name Three New and Eleven Reappointed Members to the Governmental Accounting Standards Advisory Council (GASAC)

[News Release](#)

[View All News](#)

Website Resources

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

Understanding the Government Financial Report



Video Series for Elected Officials

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

QR Code to Video Series



- <https://gasb.org/train>

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Governmental Accounting Research System™

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Updated through December 31, 2025

Welcome to the Governmental Accounting Research System™

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

About GARS

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

What's New in This Update

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

None.

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

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

[View documents for public comment](#) >

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

Help

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

[Help Topics](#) >

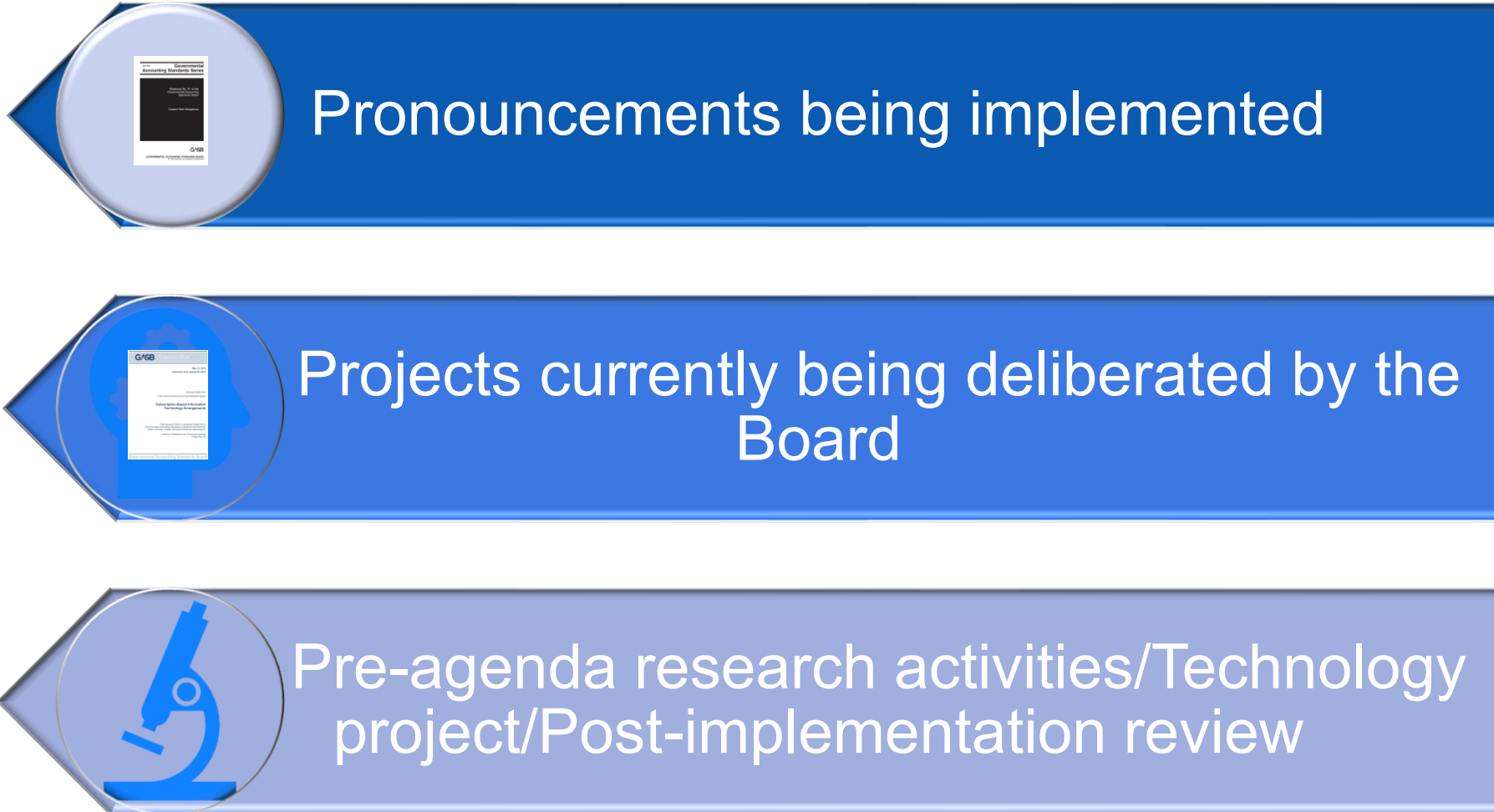
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Presentation Overview



Pronouncements Being Implemented

Effective for Periods Beginning After

June 15, 2025

- 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) – various implementation dates

June 15, 2026

- Implementation Guide No. 2026-1, *Financial Reporting Model Improvements—Subsidies*
- Statement 105—*Subsequent Events*

Financial Reporting Model Improvements

Statement No. 103

April 2024

Governmental Accounting Standards Series

Statement No. 103 of the
Governmental Accounting
Standards Board

Financial Reporting Model Improvements

GASB
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Financial Reporting Model Improvements

What?

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

Why?

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

When?

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

Earlier application is encouraged.

Overview of Changes

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

The statement provides a definition 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

Adds 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)

Sample City (cont'd)
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
for the year ended June 30, 20x5
(amounts expressed in thousands)

**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	<u>2,085</u>	<u>10,368</u>	<u>(3,134)</u>	<u>9,319</u>	<u>906</u>
Fund net position—beginning of period	<u>331,657</u>	<u>177,997</u>	<u>29,423</u>	<u>539,077</u>	<u>12,387</u>
Fund net position—end of period	<u>\$ 333,742</u>	<u>\$ 188,365</u>	<u>\$ 26,289</u>	<u>\$ 548,396</u>	<u>\$ 13,293</u>

Management's Discussion and Analysis

- Users of MD&A “have different levels of knowledge and sophistication about governmental accounting and finance,” they “may not have a detailed knowledge of accounting principles”
- Include analysis of current-year balances and activity to explain why balances 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

Components of Management's Discussion and Analysis

- 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

Components of Management's Discussion and Analysis

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

Components of Management's Discussion and Analysis

- 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 (e.g., changes in rates and bases of activity)
 - Those affecting planned spending (e.g., inflation, labor contracts, changes in programs)
 - Expected changes in budgetary net position or fund balance
 - Actions the government has taken related to post employment benefits, 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

- Presented as required supplementary information (no longer an option for basic statements)
- Required variances are 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 should 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 (replaces 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
- Transition
 - 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

Implementation Guide No. 2026-1

Financial Reporting Model Improvements—Subsidies

Implementation Guidance on Financial Reporting Model Improvements—Subsidies

What?

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

Why?

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

When?

Board issued the guidance in September 2026.

Effective for fiscal periods beginning after June 15, 2026, and all reporting periods thereafter. Early application is encouraged if Statement 103 has been implemented.

Implementation Guidance on Financial Reporting Model Improvements—Subsidies

- Proposed new questions related to Statement 103, provisions related to subsidies:
 - For higher education – scholarship donations and grants
 - Derived tax and imposed nonexchange transactions are subsidies
 - Subsidies other than noncapital subsidies are considered capital subsidies and reported as other nonoperating, including if limited to debt service on capital related debt
- Proposed amendments to existing questions related to:
 - Subsidies (4.5 in Implementation Guide 2015-1)
 - If use is not limited to capital asset acquisition by the provider, it is a noncapital subsidy (unless legislation or regulation limits use to capital purposes)

Disclosure of Certain Capital Assets

Statement No. 104

September 2024

Governmental Accounting Standards Series

Statement No. 104 of the
Governmental Accounting
Standards Board

Disclosure of Certain Capital Assets

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Disclosure of Certain Capital Assets

What?

Establishes

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

Why?

To provide essential information to users about certain types of nonfinancial assets.

When?

Approved September 2024.

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

Capital Assets Disclosure

- Within note disclosures required by Statement 34, separate disclosure of:
 - Lease assets by major class of underlying asset
 - Intangible right-to-use assets recognized by an operator in PPP arrangements 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 the 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
- Listed are several factors to consider when determining 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
- Transition
 - Retroactive application, if practicable
 - All periods presented in basic financial statements
 - Disclosure that Statement was implemented and any financial statement line items affected
 - If not practicable, disclose reason for not applying to prior periods

Subsequent Events

Statement No. 105

December 2025

Governmental Accounting Standards Series

Statement No. 105 of the
Governmental Accounting
Standards Board

Subsequent Events



GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Subsequent Events

What?

Reexamination of the requirements in Statement 56, led to Statement 105 replacing subsequent events guidance in Statement 56 with an objective of improving requirements to better meet users' information needs.

Why?

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

When?

Approved December 2025.

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

Earlier application encouraged.

Subsequent Events – General

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

Recognized and Nonrecognized Events

- Scope of Statement 105
 - Requirements should be applied in the absence of more specific GASB standards
- Recognized events
 - Occur during the subsequent events time frame
 - Provide evidence of conditions that existed at the financial statement date
 - Inform the accounting estimates reported as of the financial statement date

Recognized and Nonrecognized Events

- Nonrecognized events
 - Occur during the subsequent events time frame
 - Result 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 that they are essential to a user's analysis for making decisions or assessing accountability
 - Should be disclosed in notes to financial statements

Nonrecognized Events – Notes to Financial Statements

- Include a description of nonrecognized event and its effects
- Include an estimate of the amount of effect of the nonrecognized event or reason why an estimate cannot be made
- Correspond to reporting units
 - Avoid unnecessary duplication

Effective Date and Transition

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

Implementation Guide No. 2025-1

Implementation Guidance Update—2025

JUNE 2025
**Governmental
Accounting Standards Series**

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

GASB

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

Implementation Guidance Update

What?

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

Why?

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

When?

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

Effective date and transition varies by topic.

Implementation Guidance Update—2025

- New questions related to:
 - Statement 103 – operating revenues, subsidies, adoption of 103 by component units
 - Statement 101 – known future pay rates
 - Statement 100 – capitalization thresholds, presentations in financial statements
 - Statement 91 – component units and conduit debt
 - Statement 87 – lease term, lease modifications
- 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)

Materiality

Included in EVERY Statement:

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

Projects Being Deliberated

Infrastructure Assets

Infrastructure Assets

What?

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

Why?

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

When?

The Board issued an Exposure Draft in March 2026. Comment deadline ended June 26, 2026. Board began redeliberation in September.

Exposure Draft – Definition of Infrastructure Assets

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

Exposure Draft – Recognition and Measurement

Existing Methods from Statement 34

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

- The Exposure Draft proposes retaining both methods, with:
 - Minor modifications to the requirements if a government wants to use the modified approach
 - Certain proposed requirements depending on the method applied

Exposure Draft – Recognition and Measurement

For Infrastructure Assets Reported at Historical Cost Net of Accumulated Depreciation

- The Exposure Draft proposes that a component^{*} of an infrastructure asset be depreciated separately if it has:
 - A cost that is significant in relation to the total cost of the infrastructure asset
 - An estimated useful life that is substantially different from the estimated useful life of the infrastructure asset
- ^{*} A component is a separate, distinguishable part of an infrastructure asset that has a specific function in contributing to the service capacity of that infrastructure asset
- The Exposure Draft emphasizes the requirement for governments to perform a periodic review of the estimated useful lives and salvage values used in the measurement of depreciation expense

Exposure Draft – Note Disclosures

For All Infrastructure Assets (regardless of method)

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

Exposure Draft – Note Disclosures

For Infrastructure Assets Reported at Historical Cost Net of Accumulated Depreciation

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

Exposure Draft – RSI

For Infrastructure Assets Reported using the Modified Approach

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

Exposure Draft – Transition Provisions

- Prospective application for fiscal periods beginning after June 15, 2028, with some exceptions for:
 - Separating components of infrastructure assets
 - apply to infrastructure assets placed into service after the beginning of the reporting period in which standard is first implemented
 - Performing a review of the estimated useful lives and salvage values of infrastructure assets
 - apply to infrastructure assets held at beginning of reporting period in which standard is first implemented
 - Report changes retroactively by restating beginning net position/fund net position
 - Separating disclosures and RSI by network, and disclosures of infrastructure assets exceeding 80 percent of their estimated useful lives
 - apply at beginning of reporting period in which standard is first implemented

Providing Feedback

- Currently deliberating the comments received from letters and forums
- Still interested in what stakeholders have to say - the ED had two alternative views
 - concern about cost and complexity of componentization
 - concern about not requiring deferred maintenance expense information
- Based on what was proposed in the ED – where do you think your most significant “pain points” would be and why?
- What is your reaction to the two alternative views?

Project Timeline

Pre-Agenda Research Started	August 2019
Added to Current Technical Agenda	April 2023
Deliberations Began	May 2023
Preliminary Views Issued	September 2024
Exposure Draft Issued	March 2026
Final Standard Issued	Est March 2027

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
- Addressing issues related to going concern uncertainties and severe financial stress disclosures

Why?

Existing guidance results 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.

Redeliberation began in October 2025.

Preliminary Views – Two Independent Ideas

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

Preliminary Views – Probable Dissolution

- Disclosures required if probable the government will cease to exist as the same legally separate entity within 12 months from the date FS are 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

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 – Severe Financial Stress

- Some tentative decisions have been made as a result of the feedback received from the Preliminary Views
- Related to timing of assessment
 - Governments would be required to assess SFS as of the date the financial statements are available to be issued (versus as of the financial statement date)
 - SFS disclosures should include a forward-looking assessment of **probable** insolvency (12 months)
- Related to probability assessment
 - 12 month look forwardg assessment
 - The likelihood of insolvency should be assessed a the “probable” level

Providing Feedback

- Still interested in what stakeholders have to say given we are still working on an ED
- What is your reaction to the tentative decisions related to SFS – in particular
 - ✦ Going from the SFS assessment as of the date of the financial statements to as of the date the financial statements are available to be issued
 - ✦ Including a forward-looking assessment of insolvency

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

Revenue and Expense Recognition

Revenue and Expense Recognition

What?

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

Why?

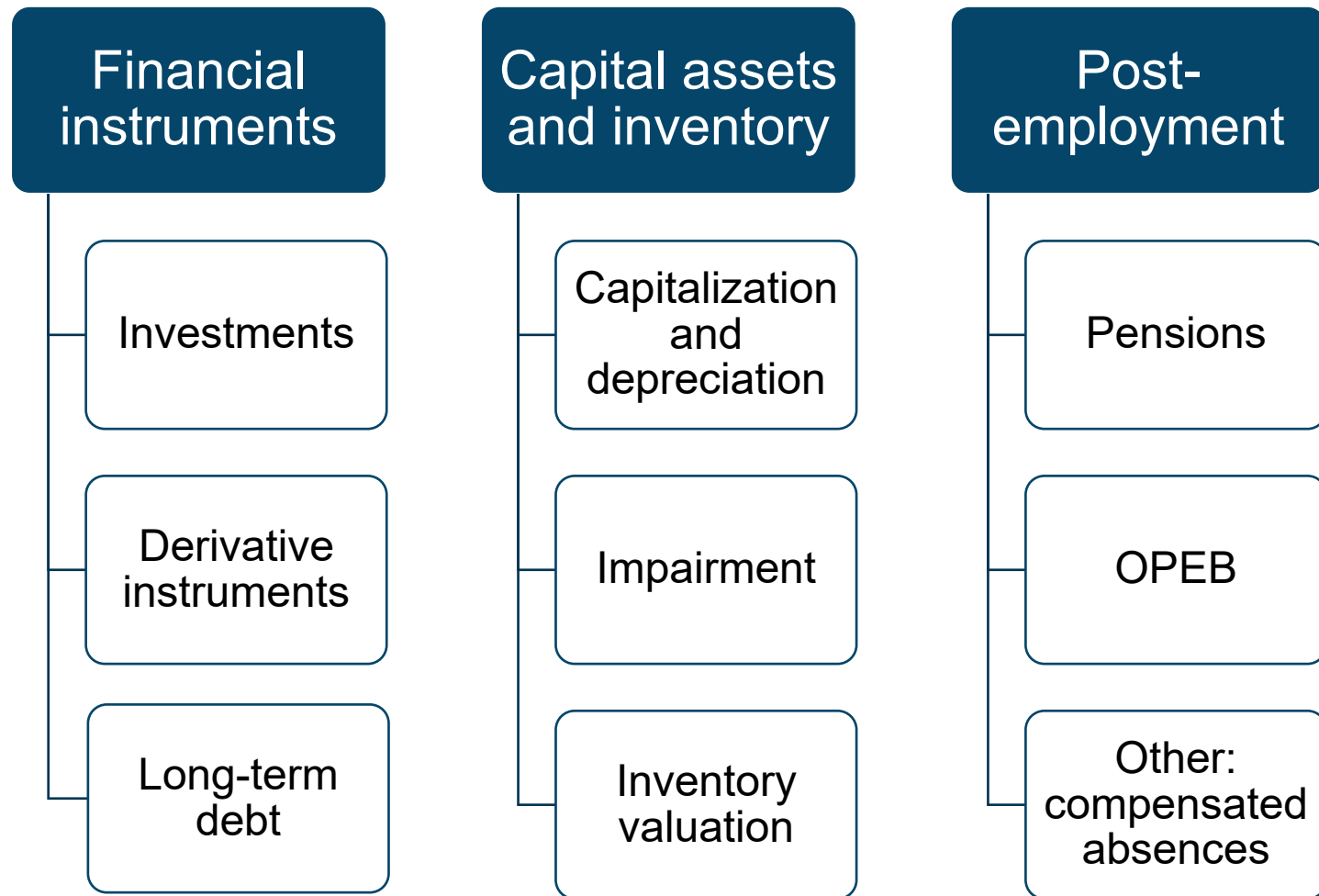
Guidance for exchange transactions is limited; guidance for nonexchange transactions could be improved and clarified.

When?

Exposure Draft is scheduled for March 2027.

Scope of the Project

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



Proposed Recognition Model Components

Categorization

Identify the *type* of transaction



Recognition

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

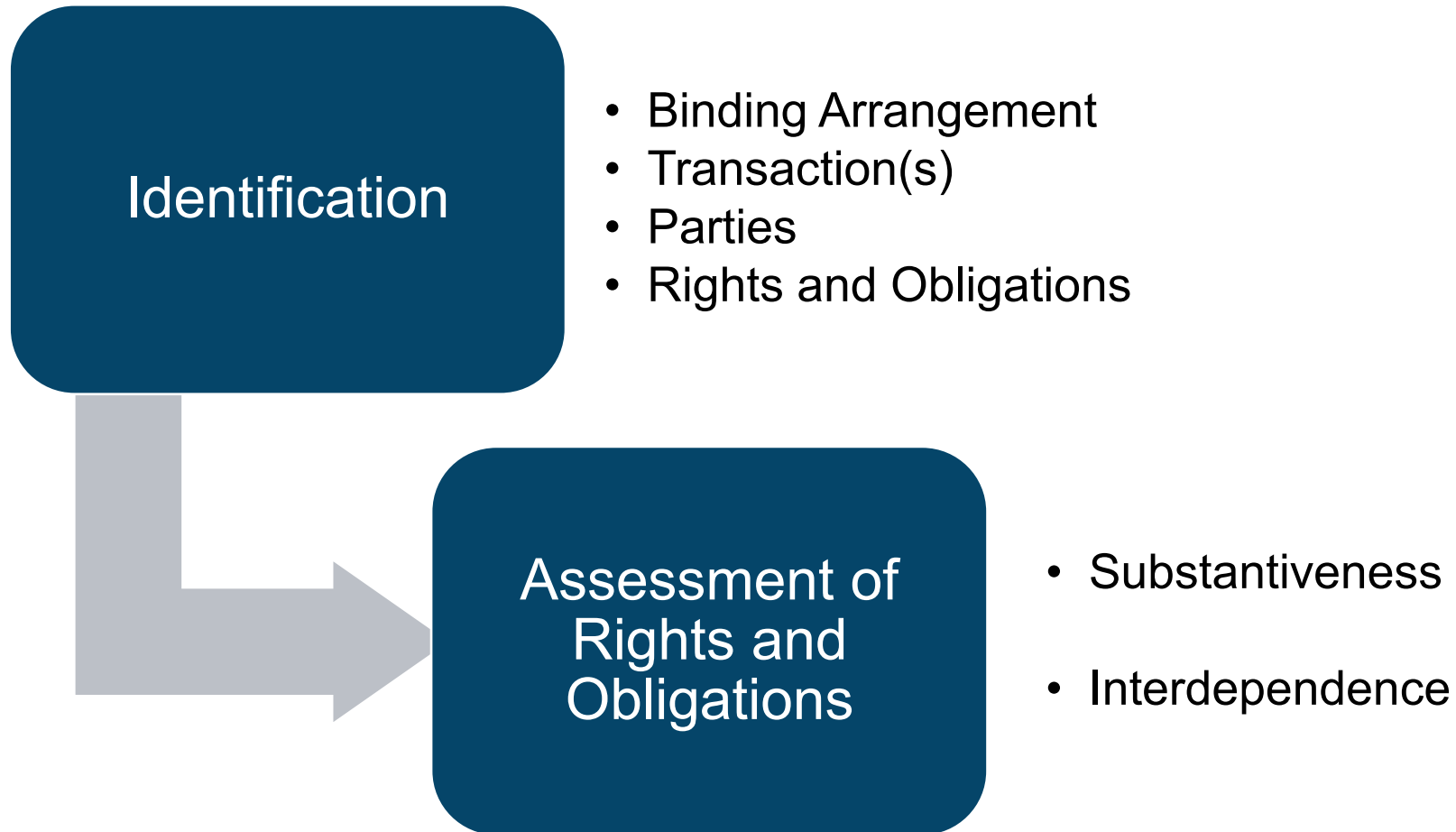


Measurement

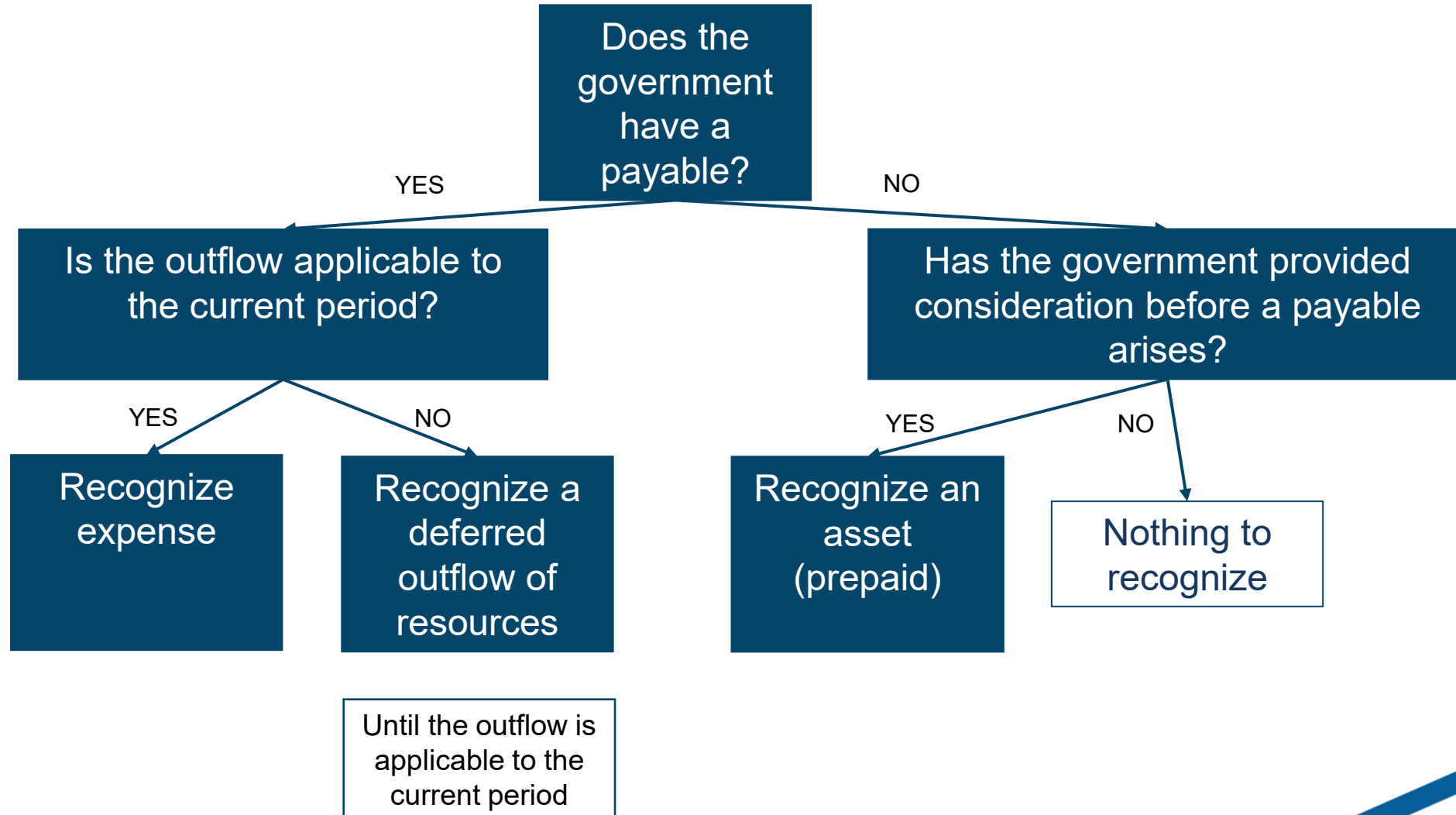
Determine the *amount* to report

Categorization Methodology

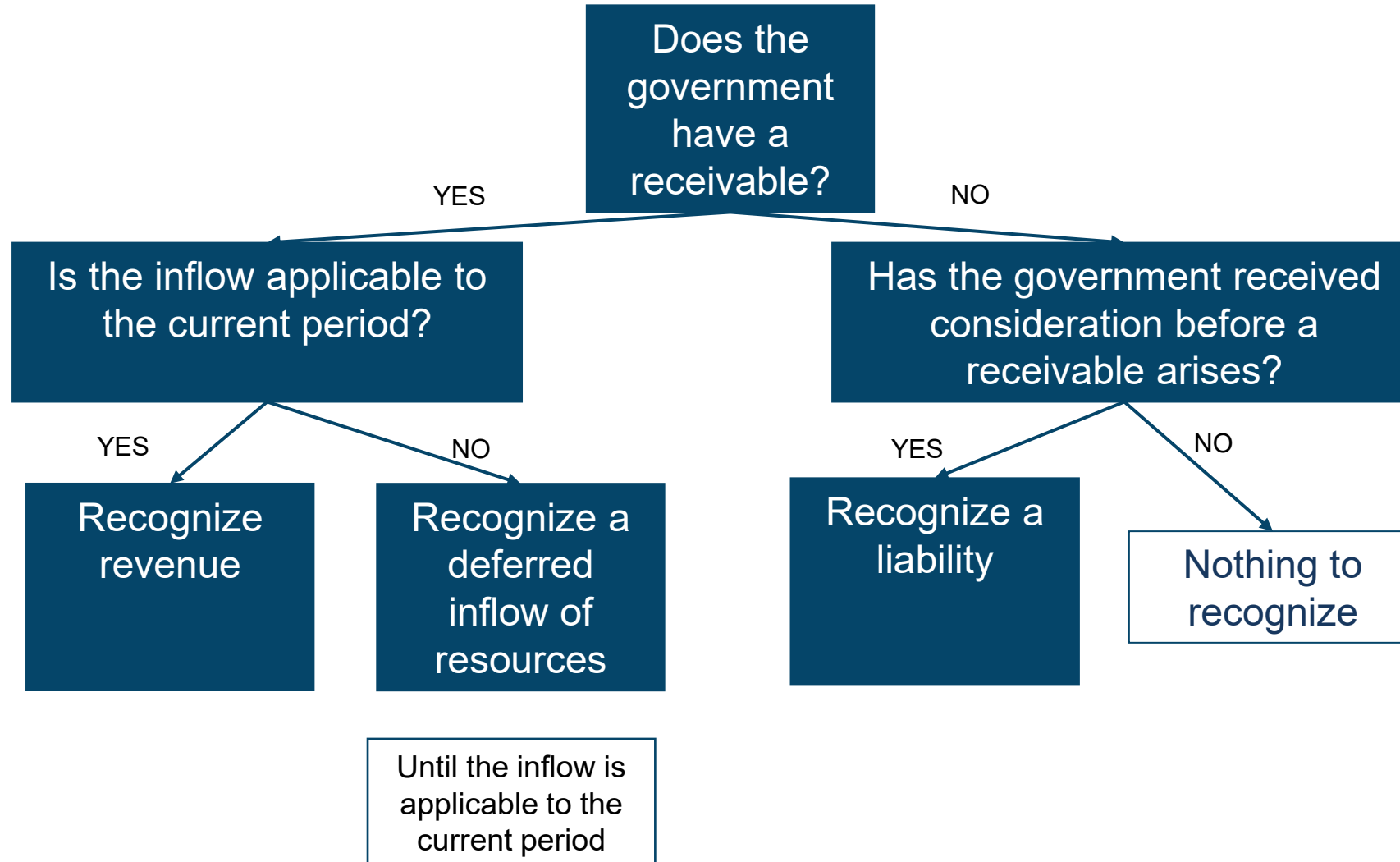
Process to identify transactions as Category A (include a performance obligation) or Category B (does not include a performance obligation)



Proposed Expense Recognition Principles



Proposed Revenue Recognition Principles



Proposed Recognition for Category B Transactions

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	Legally Binding Arrangement Periodic Appropriation	Continuous Appropriation
Sales Tax Income Tax	Regulatory Fees Punitive Fees	Property Taxes	Federal Grants	Pledges PILOTs	K-12 Aid	Shared Motor Fuel Tax

Imposed on an Underlying Transaction

Characteristics

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

Recognition

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

Examples

- Sales tax
- Personal and corporate income taxes
- Passenger facility charges



Imposed on Actions Committed or Omitted

Characteristics

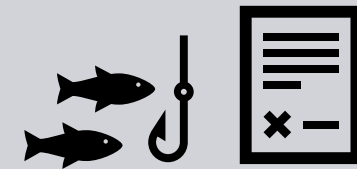
- A government ***imposes*** a requirement to provide resources
- Upon an action or an omission

Recognition

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

Examples

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



Imposition on Property Ownership

Characteristics

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

Recognition

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

Examples

- Real Property Tax
- Personal Property Tax



Transactions without Qualifying Requirements – Recognition

General Aid to Schools (Periodic Appropriation)

Recipient recognizes the asset when:

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



Shared Revenue (Continuing Appropriation)

Recipient recognizes the asset when the underlying transaction has occurred if:

- There is an appropriation (if required), and
- The provider government intends to provide the resources



Pledges (without Qualifying Requirements)

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



Transactions with Qualifying Requirements – Proposed Clarifications (primarily grants)

Characteristics

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

Recognition

- Recipient recognizes a receivable when qualifying requirements are satisfied

- *Timing of cash does not determine the type of transaction.*
- ***Exercise of professional judgment remains a necessary step to determine if a transaction includes qualifying requirements.***

Tentative Decisions about Qualifying Requirements

Administrative
Requirements

- Filing reports or reimbursement requests

Qualifying Costs

- Incurrence of cost in compliance with all other applicable requirements



**Other Qualifying
Requirements**

- **Actions** of the government not associated with costs, for example, outputs or outcomes



Post Grant
Compliance
Requirements

- Capital maintenance, purpose of the capital asset, prevailing wages

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

Transactions with Qualifying Requirements – Proposed Clarifications

Qualifying Requirements

- When qualifying requirements are met:
- Recognize **receivables** (revenue transactions)
- OR recognize **payables** (expense transactions)

Time Restrictions

- Are not qualifying requirements
- Are recognition attribute that can delay recognition of revenues/expenses and result in deferred flow until met

Purpose Restriction

- Not a recognition attribute

Purpose Restrictions and Time Requirements

Purpose Restrictions

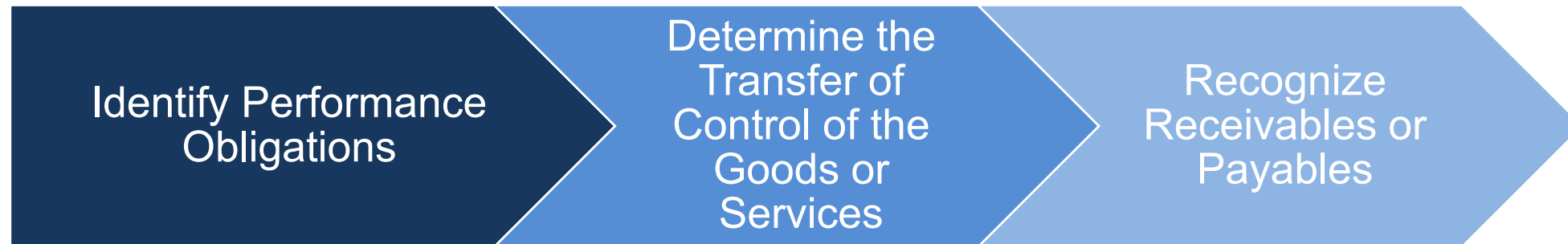
- Externally imposed or imposed by law that limits the activities or programs for which resources can be deployed
 - Not a recognition attribute
 - Not self-imposed
 - Can simultaneously exist with qualifying requirements
- Motor fuel tax

Time Requirements

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

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Proposed Recognition Principles for Category A Transactions



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

(Recognition unit of account)

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

(Pattern of transfer of control)

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

(Conceptual underpinnings)

Criteria for Identifying Performance Obligations

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

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

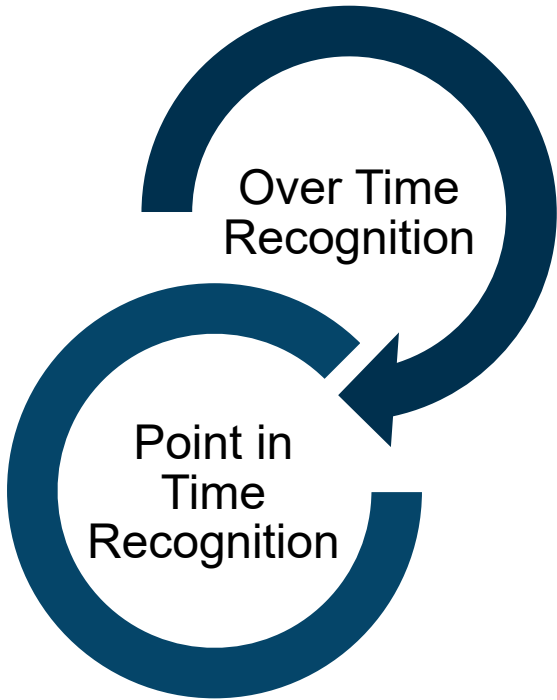
Goods and services are separately identifiable within the context of the transaction. Indications that they are NOT separately identifiable:

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

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

Category A Revenue Recognition – Over Time or Point in Time

Criteria for Recognition Over Time



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

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

Category A Revenue Recognition Examples

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

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

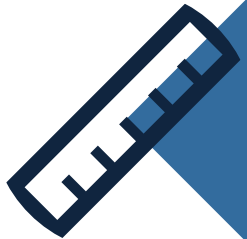
Public Utility employees

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

Measurement Methodology Overview



Measurement is a component of recognition



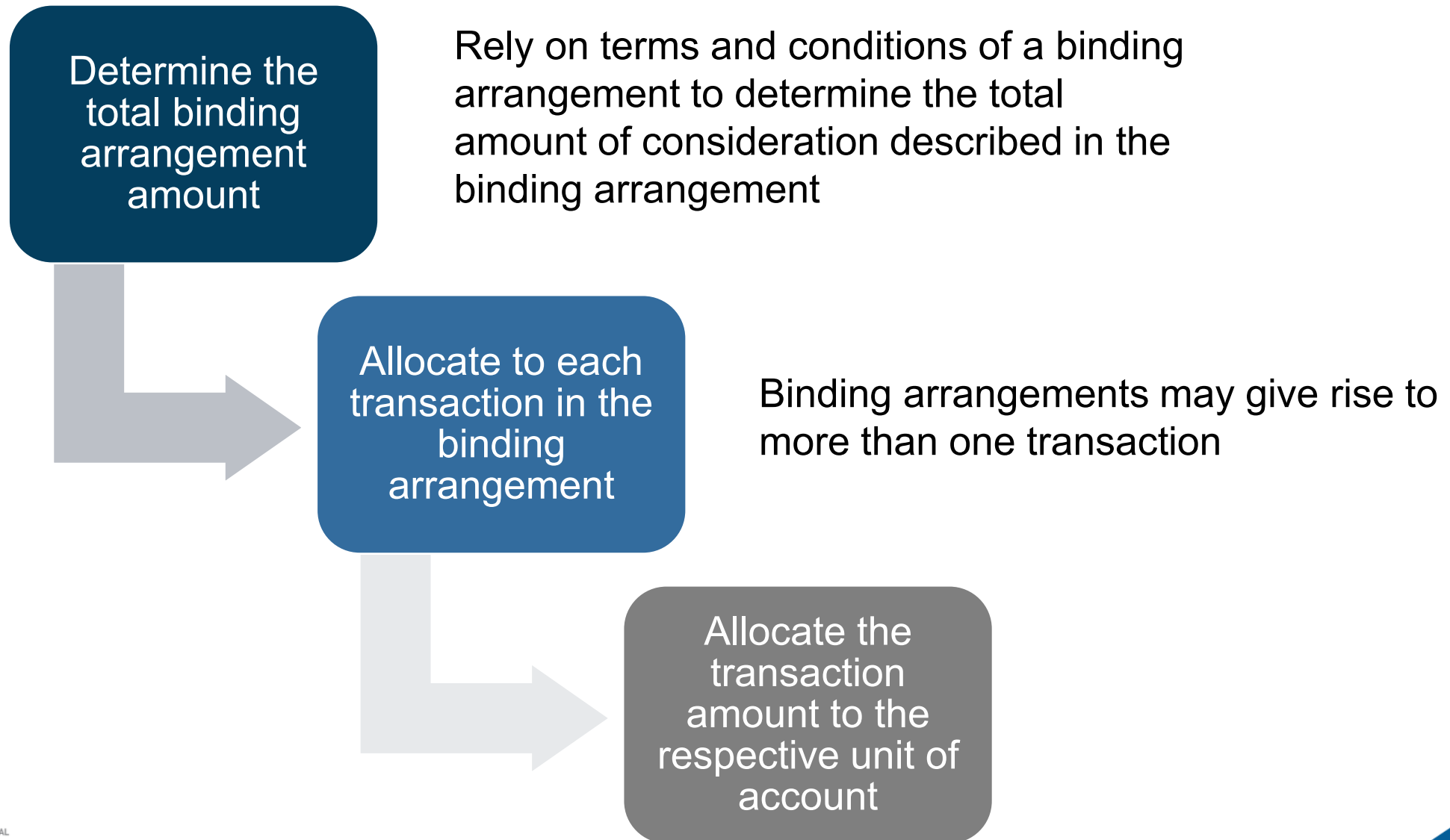
Measurement estimates are required to be developed to the extent practicable



Measurement principles apply to Category A and Category B transactions*

*Unless otherwise noted

Measurement Approach – Allocated Amount



Components of Consideration

Fixed Consideration

Variable Consideration

Financing Component

Nonmonetary Consideration

Contingent Consideration

Providing Feedback

- As can be seen this project is extensive and complex. The Board is considering issuing the ED in two parts. One part in the 3rd quarter of 2027 and the second part in the 4th quarter of 2028.
- What is your reaction to issuing the ED in two parts versus issuing the complete ED at one time?

Pre-Agenda Research & Technology Projects

Pre-Agenda Research & Technology Projects

■ Research Activities:

- GAAP Structure
- Pension & OPEB Disclosures – Concepts Statement 7
- Digital Assets
- Financial Reporting Entity
- Pension & OPEB Disclosures – Effects of Deferred Outflows of Resources & Deferred Inflows of Resources on Expense

■ Technology Project:

- Voluntary Digital Financial Reporting

GAAP Structure

GAAP Structure

What?

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

Why?

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

When?

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

Reasons for the Research

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

Research Phases

Phase 1

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

Phase 2

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

Phase 1 Research Activities

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

Phase 2 Research Activities

- Objective

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

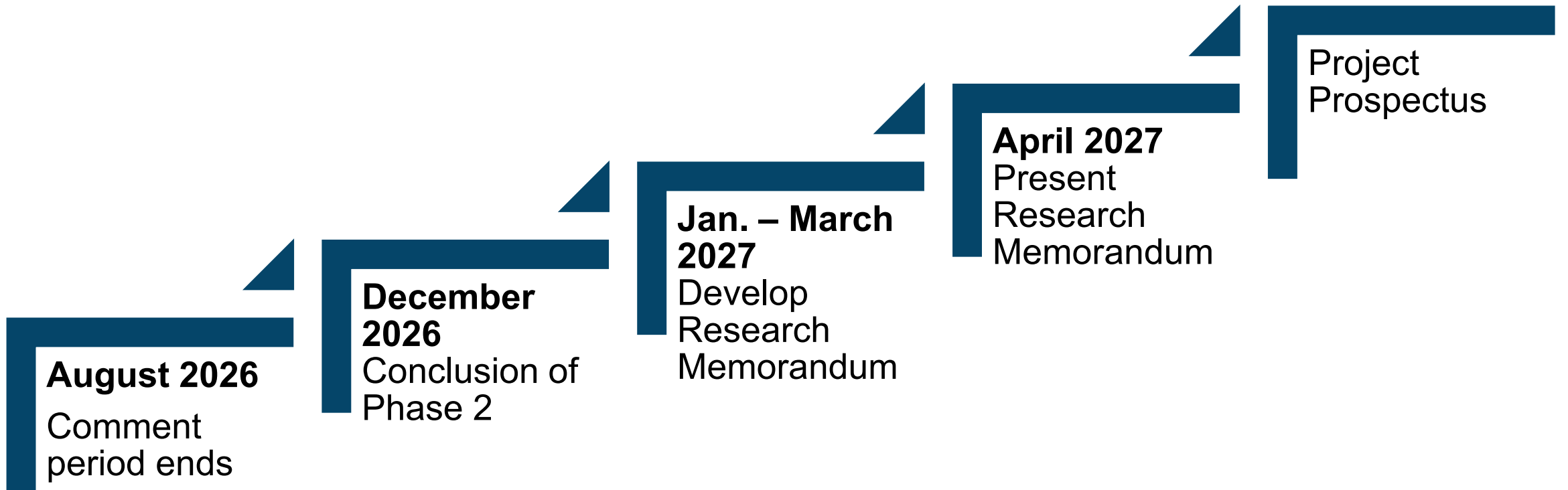
- Activities

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

Discussion Memorandum

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

Looking Ahead...



Pension and OPEB Disclosures—Concepts Statement 7

Pension and OPEB Disclosures—Concepts Statement 7

What?

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

Why?

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

When?

The Board added the pre-agenda research in April 2025.
Present research memorandum to the Board in December 2026.

Reasons for the Research

- Standards were put in place prior to the issuance of Concepts Statement 7 that addresses the concept of essential information for note disclosures.
 - Concepts Statement 7 clarifies what is meant by information that is **essential** to a user's understanding of the financial statements
 - To ensure standards and the concepts statements align
- Complexity of the pension and OPEB note disclosures have caused them to be selected for this post Concepts Statement 7 analysis.

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)

Digital Assets

Digital Assets

What?

The GASB is evaluating the type and use of digital assets by state and local governments.

Why?

Increasing use of digital assets. The GASB wants to obtain a better understanding of types of transactions involving digital assets and the need for guidance.

When?

The GASB added the pre-agenda research in May 2026.

Present research memorandum to the Board in September 2027.

Financial Reporting Entity

Financial Reporting Entity

What?

The GASB is evaluating existing guidance on the financial reporting entity.

Why?

The existing Statement 61 guidance has been amended several times. There may be opportunities to enhance structure, organization, and operability of guidance.

When?

The GASB added the pre-agenda research in June 2026.

Present research memorandum to the Board in February 2029.

Pensions and OPEB – Effects of Deferred Outflows of Resources and Deferred Inflows of Resources on Expense

Pensions and OPEB – Effects of Deferred Outflows of Resources and Deferred Inflows of Resources on Expense

What?

The GASB is evaluating the feasibility of a practical expedient to the existing approach to recognizing pension and OPEB expenses.

Why?

PIR identified that there are operational challenges, and reporting method for expenses is costly and difficult to understand.

When?

The GASB added the pre-agenda research in May 2026.

Present research memorandum to the Board in February 2029.

Research Phases

Phase 1

- Development of the research design

Phase 2

- Carrying out the research design will be contingent on phase 1. This would include the timeline for presenting a research memorandum to the Board.

Technology Project

Voluntary Digital Financial Reporting

Voluntary Digital Financial Reporting

What?

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

Why?

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

When?

The Board issued a discussion memorandum in September 2026. The deadline for comments is November 30, 2026

GASB GAAP Taxonomy

Voluntary Digital Financial Reporting Project



Phase I

- Basic Financial Statements
- Required Supplementary Information



Phase II

- Supplementary Information

Basic Financial Statements:

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

Required Supplementary Information:

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

Discussion Memorandum

- Staff document designed to seek comments at an early stage of development
- Intent of project is to provide a pathway to digitizing the existing GASB reporting requirements, it will not result in a GASB standard
 - Considers only accounting and financial reporting requirements issued by the GASB
 - Exploring two related tracks for digitizing
 - Allows for incorporation of observed practice and government-specific information in financial statements
- Respondent feedback
 - Will be used in design choices made in the development of the GASB-GAAP taxonomy

Post-Implementation Review (PIR)

What is PIR?

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

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

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

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

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

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

Reports the findings publicly.

Why does the GASB conduct PIRs?

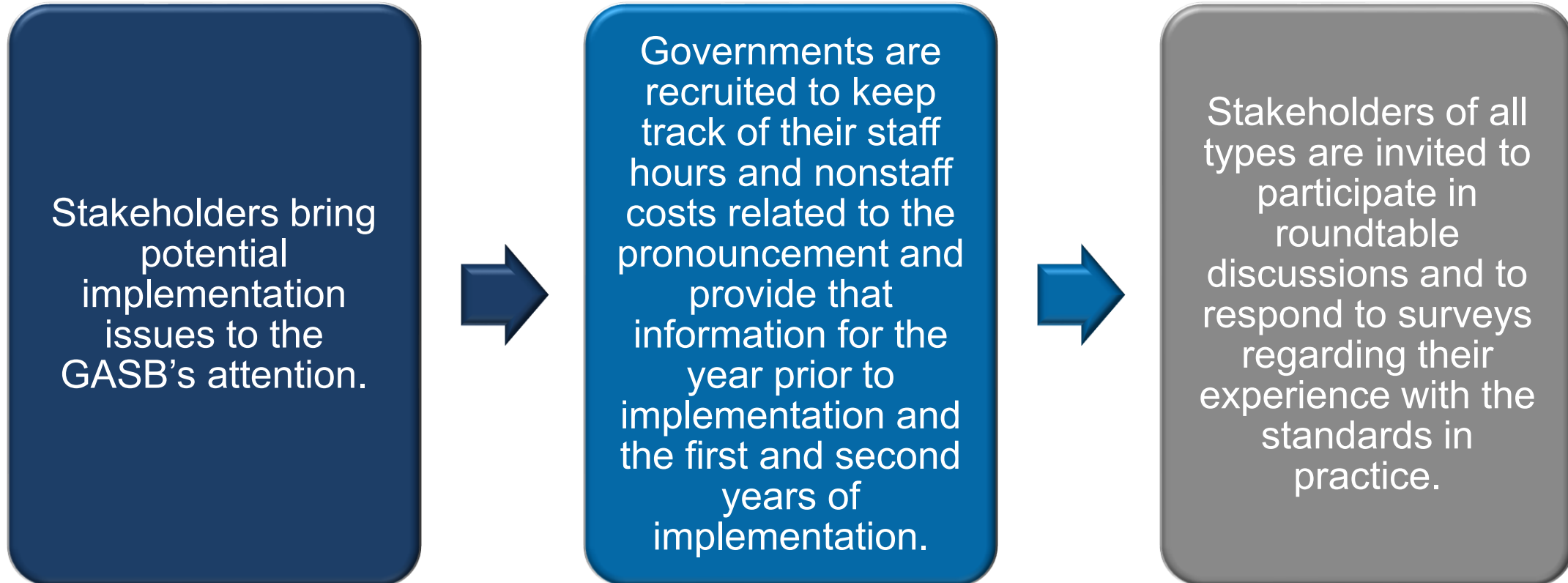
To provide general support to stakeholders when implementing significant new pronouncements

To identify and address practice issues that arise

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

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

How does the GASB involve stakeholders in PIR?



Which Statements Are under Review?

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

Statement 84—Fiduciary Activities

Statement 87—Leases

What is the Status of the PIRs?

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

Questions?



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Thank You