

North Carolina Local Government Independent Auditors Conference

GASB

GASB UPDATE

May 29, 2025

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The views expressed in this presentation are those of Mr. Black and Mr. Skelton. Other positions of the GASB are neither endorsed nor disavowed.

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International Federation of
Superintendents of
Financial Institutions

GASB
Governmental Accounting
Standards Board

PAF
Public Accounting
Foundation

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Opening Questions

➤ Do you have enough resources?

➤ Do you need more work?

➤ Would you like GASB to stop issuing new statements?

➤ We hear you and we are taking action!

- ✓ Less new standards issued
- ✓ Less active projects
- ✓ Review of ALL note disclosures for *essentiality*
- ✓ Highlighting materiality box

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Materiality

Included in EVERY Statement:

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

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Effective Dates

June 30: Fiscal Year 2025

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

June 30: Fiscal Year 2026

- Statement 103—Financial Reporting Model Improvements
- Statement 104—Classification of Certain Capital Assets



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New GASB Statement Impact

Potential Level of Effort for Preparer and Auditor*

| Statement and FY Effective | | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|---------|----------------|---------|---------|---------|---------|---------|---------|
| GASB 99—Omnibus (multiple effective dates) | Various | [Timeline bar] | | | | | | |
| GASB 100—Accounting Changes and Error Corrections | 2024 | [Timeline bar] | | | | | | |
| GASB 101—Compensated Absences | 2025 | [Timeline bar] | | | | | | |
| GASB 102—Certain Risk Disclosures | 2025 | [Timeline bar] | | | | | | |
| GASB 103—Financial Reporting Model Improvements | 2026 | [Timeline bar] | | | | | | |
| GASB 104—Disclosure of Certain Capital Assets | 2026 | [Timeline bar] | | | | | | |


*Based on June 30 fiscal years





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Presentation Overview

Projects currently being deliberated by the Board

Pre-agenda research and other research activities

Post-implementation review



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Current Technical Agenda Projects




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Technical Plan Overview

- **Comprehensive Projects:**
 - ✓ Revenue and Expense Recognition
- **Major Projects:**
 - Going Concern / Severe Financial Stress
 - Infrastructure Assets
- **Practice Issues:**
 - Implementation Guide—Update
 - Subsequent Events

- **Technology Project:**
 - Voluntary Digital Financial Reporting
- **Research Activities:**
 - Cybersecurity Risk Disclosures
 - Revenue and Expense – Note Disclosures
 - GAAP Structure
 - Pension & OPEB Disclosures – Concepts Statement 7



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Infrastructure Assets



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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 a Preliminary Views in September 2024. Comment deadline was January 17, 2025.



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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

Change in policy for capitalizing infrastructure assets or estimating useful lives of infrastructure assets

Summary of policy for monitoring and maintaining or preserving infrastructure assets

Maintenance and preservation expense for infrastructure assets during the reporting period

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 Disclosures

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

Infrastructure assets that were not, and were not required to be, reported with the implementation of Statement 34

Carrying amount of impaired infrastructure assets that are idle at year-end


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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 | February 2026 |

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

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Going Concern Uncertainties and Severe Financial Stress

What?


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

Why?

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

When?

The Board issued a Preliminary Views in March 2025. Comment deadline is June 30, 2025.



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Preliminary Views– Severe Financial Stress

➤ **Disclosures required if government is experiencing financial difficulties at such a degree 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

➤ **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



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Preliminary Views – Probable Dissolution

➤ **Disclosures required if probable that government will cease to exist as 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**

- ✓ 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



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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 2026 |

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Subsequent Events

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Subsequent Events

What?


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

Why?

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

When?

The Board issued an Exposure Draft in November 2024. Comment deadline was February 21, 2025.


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Exposure Draft Proposals

- **Scope**
 - ✓ Proposed requirements should be applied in the absence of more specific GASB standards.
- **Subsequent events time frame**
 - ✓ Date the financial statements are available to be issued.




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Exposure Draft Proposals

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




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Exposure Draft Proposals

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




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Exposure Draft Proposals

- **Notes to financial statements**
 - ✓ Description of nonrecognized event
 - ✓ Estimate of the effect of the nonrecognized event on basic financial statements
 - *Or reason why an estimate cannot be made*
 - ✓ Correspond to reporting units
 - *Subject to paragraph 63 of Statement 14*
 - *Combine information to avoid unnecessary duplication*
- **Effective date and transition**
 - ✓ Fiscal years beginning after June 15, 2026, and all reporting periods thereafter
 - ✓ Prospective application

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Project Timeline

| | |
|-----------------------------------|---------------|
| Pre-Agenda Research Started | July 2022 |
| Added to Current Technical Agenda | August 2023 |
| Deliberations Began | October 2023 |
| Exposure Draft Issued | November 2024 |
| Final Statement Expected | December 2025 |


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Implementation Guidance Update

Proposed IG Update 2025

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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 issued an Exposure Draft in November 2024. Comment deadline was January 24, 2025.

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Proposed Implementation Guide Update—2025


➤ **New questions related to:**

- ✓ Capital assets (including application of Statement 104)
- ✓ 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)


➤ **Exposure Draft issued Q4 2024; Final expected to be issued Q2 2025**

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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 November 2025

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Broad Project Objective

Develop a comprehensive, principles-based model that establishes guidance applicable to a wide range of revenue and expense transactions to:

- Expand on areas where there is no guidance—expenses
- Expand on areas where there is limited guidance—certain revenues
- Consider practice issues and challenges identified in current guidance—Statement 33
- Consider the conceptual framework—issued after Statement 33
- Consider performance obligation recognition


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Project Timeline

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

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Voluntary Digital Financial Reporting

Scope and Status

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GASB-GAAP Taxonomy—Scope

Governmental Financial Reporting Ecosystem

GAAP Reporting Requirements

Other Reporting Requirements

Other Reporting Frameworks (Non-GAAP)

State Oversight Reporting: Required charts of accounts

Financial Information Required by GASB

Auditor's report

Single Audit


New Jersey, Kansas, Arkansas

Our starting point

Information that can be incorporated through consensus


Thinking about options
[Two options presented next]

Common Practice only


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Project Update



Added to the Board's Technical Plan



Formation of a Taxonomy Consultative Group (TCG)




Development of a project plan – Exposure Dec. 2025

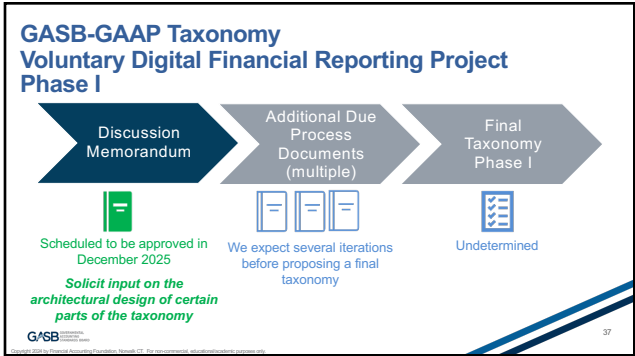
▪ Framework for **voluntary** financial digital reporting

▪ TCG focused on users of financial information *and* technologists

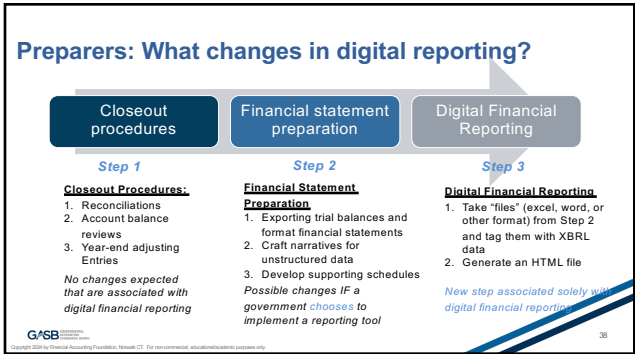
▪ Project phases, limited timeline identified and first due process

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Monitoring

Impact of Technology on Financial Reporting

Digital Assets

Environmental Credits

Other?

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Post-Implementation Reviews (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:


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.


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What is the status of the PIRs?

| | |
|----------------------|--|
| Pensions | PIR report was approved by the FAF Trustees in 2024 and made available on the GASB website |
| Fair Value | PIR report was approved by the FAF Trustees in 2025 and made available on the GASB website |
| OPEB | Analysis of prior year, implementation year, and second year of implementation financial reports completed, fifth year of implementation in progress; Collection of implementation effort and cost information completed; All roundtables completed, results are being summarized and analyzed |
| Fiduciary Activities | Collection of implementation effort and cost information completed |
| Leases | Collection of information regarding implementation efforts and cost for pre-implementation year, implementation year, and post-implementation year continues |



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Questions?

Visit www.gasb.org



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