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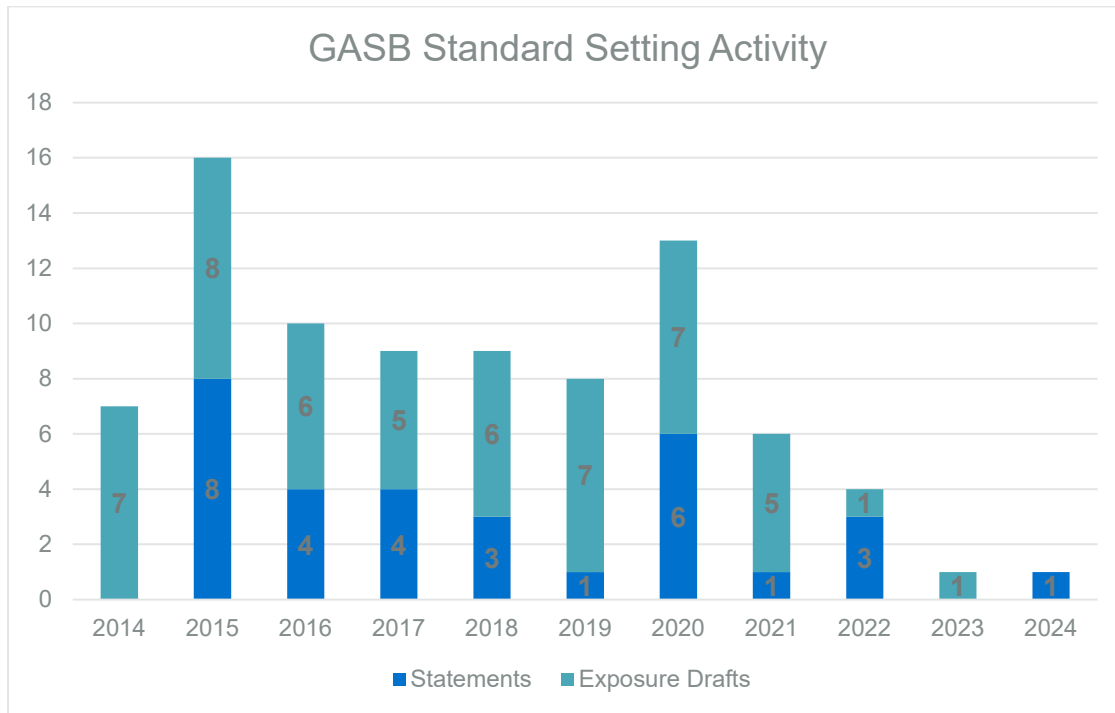
GASB Update – June 2024

This paper provides an overview of recent GASB standard setting including Statement 103, *Financial Reporting Model Improvements*, along with updates on outstanding exposure drafts and ongoing projects. The developments included in this update are intended to be a reminder of recently issued accounting guidance that may affect you.

Highlights

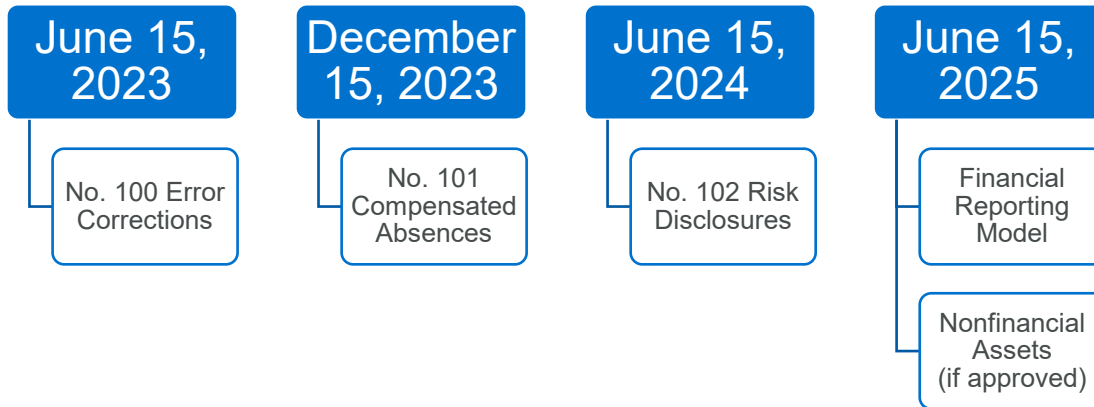
GASB is the independent organization that establishes and improves accounting and financial reporting standards for U.S. governmental entities. GASB’s standard-setting activity has slowed almost to a halt after several very busy years. GASB recently finalized Statement 103, which updates the financial reporting model, concluding a decade-long project. The board is expected to approve issuance of a final statement on nonfinancial assets in July 2024.

This paper summarizes GASB-issued standards sorted by effective date and includes updates on outstanding proposals, projects, and research with links to resources from Forvis Mazars for a deeper dive.



Upcoming Effective Dates

Fiscal Years Beginning After



Fiscal Years Beginning After June 15, 2023

Statement	Description
<p>Statement 100 <i>Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62</i></p> <p>Issued June 2022</p> <p>Resource: GASB Updates Rules on Accounting Changes & Error Corrections</p>	<p>Distinguishing between a change in accounting principles and a change in estimates can be difficult, but critical to applying the correct guidance. GASB research indicated preparer classification challenges and diversity in the related note disclosures. Statement 100 defines the following categories and the prescribed accounting for each:</p> <ul style="list-style-type: none"> • Changes in accounting principles • Changes in accounting estimates • Changes to or within the financial reporting entity • Corrections of errors in previously issued financial statements

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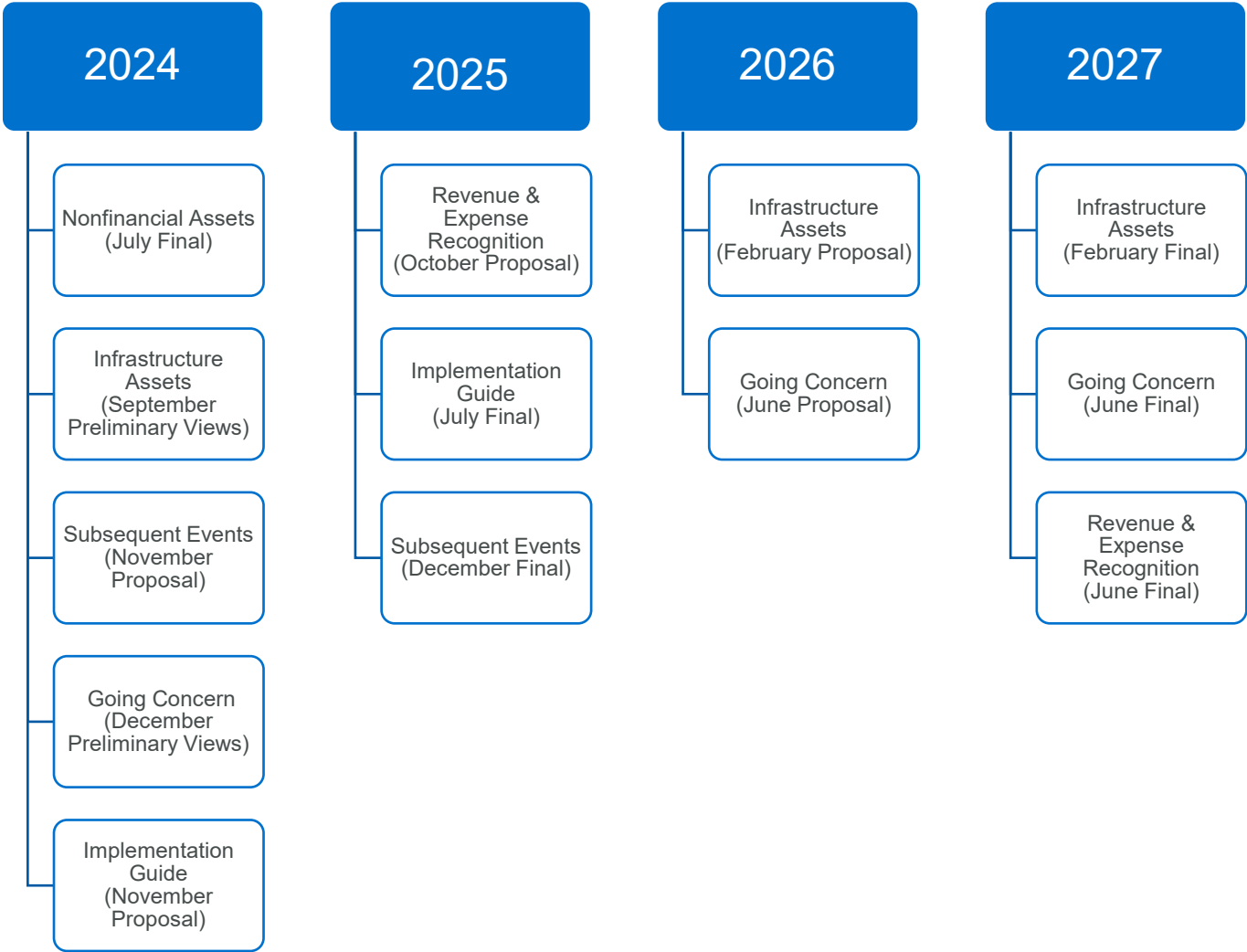
Fiscal Years Beginning After December 15, 2023	
Statement	Description
<p>Statement 101 <i>Compensated Absences</i></p> <p>Issued June 2022</p> <p>Resource: Preparing for GASB's Compensated Absences – Statement 101</p>	<p>Since Statement 16, <i>Accounting for Compensated Absences</i>, was issued in 1992, benefit practices have evolved, resulting in inconsistent application of guidance and a lack of guidance for new leave types. Statement 101 creates a unified model for recognition and measurement for all types of compensated absences and eliminates certain previously required disclosures.</p>

Fiscal Years Beginning After June 15, 2024	
Statement	Description
<p>Statement 102 <i>Certain Risk Disclosures</i></p> <p>Issued December 2023</p> <p>Resource: Details on GASB's New Required Risk Disclosures</p>	<p>Statement 102 requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The statement includes four nonauthoritative examples of concentrations and constraints, including a financial resource provider, collective bargaining, mandated spending, and an employer concentration.</p>

Fiscal Years Beginning After June 15, 2025	
Statement	Description
<p>Statement 103 <i>Financial Reporting Model Improvements</i></p> <p>Issued May 2024</p> <p>Resource: GASB Updates the Financial Reporting Model (coming soon)</p>	<p>Statement 103 updates requirements for management's discussion and analysis, unusual and infrequent items, proprietary fund statement, component unit, and budget presentation.</p>

Technical Agenda

Project Plan Summary Timeline



Projects Open for Comment or Redeliberation

The following table includes proposed standards open for comment or redeliberation. GASB will finalize the effective dates of the proposed standards after it considers proposal feedback.

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Agenda – Proposals Issued – Redeliberation		
Topic	Description	Status (Subject to Change)
Revenue and Expense Recognition Preliminary Views Issued June 2020	Develops a comprehensive model for the recognition of revenues and expenses arising from nonexchange, exchange, and exchange-like transactions, including exchange transactions not specifically addressed in the current literature.	Exposure Draft: October 2025 Final Statement: June 2027
Classification of Nonfinancial Assets Exposure Draft Issued September 2023 Resource: GASB Proposal to Break Out Certain Capital Assets	This project would reconsider the existing classification of nonfinancial assets and other related subclassifications, <i>i.e.</i> , capital assets or intangible assets, to ensure that assets are classified to provide the most relevant financial information and to ensure the classification definitions are understandable. The project will not re-examine the recognition or measurement of nonfinancial assets.	Final Statement: July 2024

In addition to the projects above, GASB’s technical plan includes projects in the initial deliberation stage indicated in the following table.

Agenda – Initial Deliberations		
Topic	Description	Status (Subject to Change)
Going Concern Uncertainties and Severe Financial Stress Added to Agenda December 2021	The project will consider disclosures and: <ul style="list-style-type: none"> Addressing going concern diversity in practice and clarifying when disclosure is appropriate Defining “severe financial stress” and criteria for identifying when governments should disclose their exposure <p><i>In October, GASB announced a new task force to provide suggestions and feedback on this project consisting of financial statement users, preparers, and auditors. The task force can identify possible implementation difficulties, assess the potential costs, and opine on the usefulness of new information.</i></p>	Preliminary Views: December 2024 Exposure Draft: June 2026 Final Statement: June 2027

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<p>Infrastructure Assets</p> <p>Added to Agenda May 2023</p> <p>Initial Deliberations</p>	<p>The project is considering the following issues:</p> <p>How should infrastructure assets be recognized and measured in financial statements? Should the optional use of the modified approach continue to be allowed to report infrastructure assets?</p> <p>Should additional information related to the maintenance and preservation of infrastructure assets be presented in financial statements and, if so, what information and what method of communication should be used to provide that information?</p>	<p>Preliminary Views: September 2024</p> <p>Exposure Draft: February 2026</p> <p>Final Statement: February 2027</p>
<p>Subsequent Events</p> <p>Added to Agenda August 2023</p> <p>Initial Deliberations</p>	<p>Statement 56 was issued in March 2009 as part of the 1972 Association of International Certified Professional Accountants' (AICPA) audit literature and was never evaluated for appropriateness to state and local governments, effectiveness, consistency with the conceptual framework, or the information's usefulness.</p> <p>Pre-agenda research indicated challenges with identifying subsequent events and distinguishing between recognized and nonrecognized subsequent events resulting in diversity in practice.</p>	<p>Exposure Draft: November 2024</p> <p>Final Statement: December 2025</p>

Pre-Agenda Research

GASB is currently performing pre-agenda research on the following topics:

- GAAP Structure.** Research will evaluate the effectiveness of GASB's current dual-authority approach to communicating GAAP for state and local governments—that is, a GAAP structure that includes both original pronouncements and a codification, each with equal authoritative status. Based on the outcome of the initial research, a potential subsequent objective would be to consider improvements to GASB's current GAAP structure. Stakeholder outreach on single authority alternatives is planned from July to December 2025. In April 2026, GASB will issue a due process document to solicit stakeholder feedback and results will be reviewed by the board in April 2027. This topic was added to research agenda in August 2023.

Monitoring Activities

- AICPA Auditing Standards.** The objective of this activity is to monitor the effect of potential or proposed changes in U.S. generally accepted auditing standards (GAAS) established by the American Institute of CPAs (AICPA) on the state and local government environment. Monitoring will provide the board with a basis for evaluating the need to consider modifying accounting and financial reporting standards as a result of any potential or proposed changes to GAAS by the AICPA.
- Digital Assets.** Staff will monitor the development of governments' activities in cryptocurrency and other types of digital assets, both as investments and as consideration paid or received in transactions, as well as any new guidance from other standard setters.
- Electronic Financial Reporting.** Staff is monitoring the effect of the electronic media on information delivery and user needs to provide the board with a basis for evaluating the need to develop standards for electronic financial reporting. Staff also continues to monitor a project by XBRL U.S. to develop a taxonomy for state and local governments as well as state and federal legislation (*Financial Data Transparency Act of 2022*).

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- **Environmental Credits.** Staff will consider the need to develop specific accounting and financial reporting standards for environmental credits programs, such as emissions trading, that are administered by state and local governments. Staff will assess the prevalence and common uses of environmental credits through academic- and policy-related literature, review of federal and state governments, and other standard-setter activity.
- **Environmental, Social, and Governance (ESG) Reporting.** Staff will monitor the development of governments' activities surrounding ESG reporting. Staff continue to monitor state and local governments' ESG reporting, as well as relevant regulatory and standard-setting activities.

Conclusion

For some entities, implementing these Statements will be complex and likely will require significant hours to implement correctly. Forvis Mazars can help educate your team, provide implementation tools, and assist with analysis and documentation. We serve a variety of entities, including state and local governments, airports, transportation authorities, public power and utility providers, tribal governments, and public colleges and universities.

If you would like assistance complying with the new guidance, contact one of our professionals. Our public sector accounting, audit, and consulting experience and resources can help you stay compliant, stretch your dollar, and plan for the future. For more information, visit forvismazars.us.

Contributors

Amy Shreck
Partner

amy.shreck@us.forvismazars.com

Anne Coughlan
Director

anne.coughlan@us.forvismazars.com