

# South Dakota AGA – Professional Development Conference



## GASB UPDATE

Lisa R. Parker, CPA, CGMA, Senior Project Manager and GASAC Coordinator


April 15, 2026

The views expressed in this presentation are those of Ms. Parker.  
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.



**GASB** GOVERNMENTAL ACCOUNTING STANDARDS BOARD  
Governmental Accounting Research System™

Search

Codification >

Original Pronouncements >

Comprehensive Implementation Guide >

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Updated through December 31, 2025

## Welcome to the Governmental Accounting Research System™

*i* 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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# Effective Dates

## 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*

# 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*

# Technical Plan Overview

- **Comprehensive Projects:**

- Revenue and Expense Recognition

- **Major Projects:**

- Going Concern/Severe Financial Stress
- Infrastructure Assets

- **Practice Issues:**

- Implementation Guide—Update

- **Technology Project:**

- Voluntary Digital Financial Reporting

- **Research Activities:**

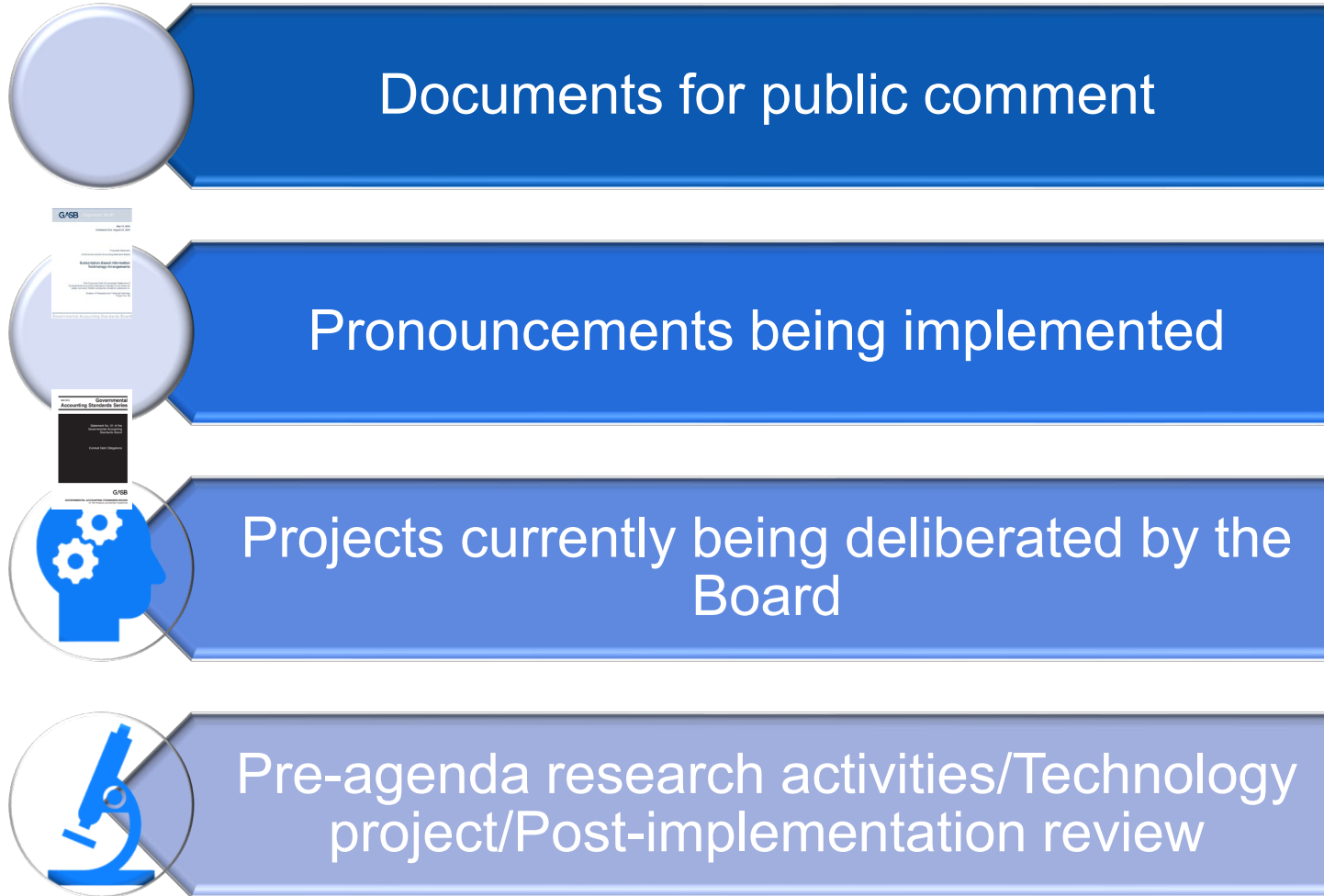
- Cybersecurity Risk Disclosures
- Revenue and Expense – Note Disclosures
- GAAP Structure
- Pension & OPEB Disclosures – Concepts Statement 7

# Materiality

Included in EVERY Statement:

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

# Presentation Overview



# Documents for Public Comment

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# Implementation Guidance

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## 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?

The Board cleared the issuance of a proposed Exposure Draft in February 2026. Comment deadline is April 27, 2026.

# Implementation Guidance on Financial Reporting Model Improvements—Subsidies

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

# 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 an Exposure Draft in March 2026. Comment deadline is June 26, 2026. Public forums are scheduled for June and July of 2026.

# 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.

# 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 to be able 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.
- 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 weight-average age
- Disclosed by network
- Separating information for infrastructure assets between:
  - Those that reached 100 percent of their estimated useful lives, and
  - Those that 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)
  - Disclosing 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
  - Performing a review of the estimated useful lives and salvage values of infrastructure assets
  - Separating disclosures and RSI by network, and disclosures of infrastructure assets exceeding 80 percent of their estimated useful lives

# Providing Feedback

- **Written comments**
  - Comment letter
  - Electronic feedback form
  - **Deadline: June 26, 2026**
  
- **Public forums**
  - June 23, 2026 – Norwalk, CT  
**(Deadline to notify of intent to participate: June 12, 2026)**
  
  - July 13, 2026 – Virtual
  - July 23, 2026 – Virtual  
**(Deadline to notify of intent to participate: June 16, 2026)**

# 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

# 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 GASB issued a Discussion Memorandum in April 2026. Comment deadline is August 31, 2026.

# Reasons for the Research

- Existing dual-authority structure
  - GAAP resides in two places: Original Pronouncements 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
  - Help to inform project prospectus recommendation and Board's considerations related to whether a project to move to a single-authority structure should be initiated

# Looking Ahead...



# Pronouncements Being Implemented

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# 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

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Clarification of operating and nonoperating in proprietary funds

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Presentation of proprietary funds statement of revenues, expenses, and changes in net position

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Management's discussion and analysis

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Budgetary comparisons

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Major component unit presentations

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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

## Nonoperating

- Subsidies received and provided
- Revenues and expenses of financing
- Resources from the disposal of capital assets and inventory
- Investment income and expenses
- Contributions to permanent and term endowments

# Proprietary Funds—Subsidies

## Subsidies

- Resources received from another party or fund (1) for which the proprietary fund does not provide goods and services to the other party or fund and (2) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise
- Resources provided to another party or fund (1) for which the other party or fund does not provide goods and services to the proprietary fund and (2) that are recoverable through the proprietary fund's current or future pricing policies
- All other transfers

Add a new subtotal for operating income (loss) and noncapital subsidies

**Sample City**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**for the Year Ended June 30, 20X5**  
**(amounts expressed in thousands)**

See Exhibit 21 for an illustration of an optional combining statement of internal service funds.

	<b>Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Public Utility</b>	<b>Transit Authority</b>	<b>Golf Courses</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 41,003	\$ 18,636	\$ 2,561	\$ 62,200	\$ 42,523
Miscellaneous	283	33	104	420	78
Total operating revenues	<u>41,286</u>	<u>18,669</u>	<u>2,665</u>	<u>62,620</u>	<u>42,601</u>
<b>OPERATING EXPENSES</b>					
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	<u>40,777</u>	<u>25,378</u>	<u>7,433</u>	<u>73,588</u>	<u>44,540</u>
Operating income (loss)	<u>509</u>	<u>(6,709)</u>	<u>(4,768)</u>	<u>(10,968)</u>	<u>(1,939)</u>
<b>NONCAPITAL SUBSIDIES</b>					
Intergovernmental revenue	-	-	-	-	881
Transfers in	-	2,090	110	2,200	300
Transfers out	(1,980)	-	-	(1,980)	-
Total noncapital subsidies	<u>(1,980)</u>	<u>2,090</u>	<u>110</u>	<u>220</u>	<u>1,181</u>
Operating income (loss) and noncapital subsidies	<u>(1,471)</u>	<u>(4,619)</u>	<u>(4,658)</u>	<u>(10,748)</u>	<u>(758)</u>

**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,” “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

- Would be presented as required supplementary information (no option for basic statements).
- Required variances would be final-budget-to-actual and original-budget-to-final-budget.

## Major Component Unit Presentations

- If it is not feasible to present major component unit financial statements in separate columns in the reporting entity's financial statements, the financial statements of the major component units would be presented in the reporting entity's basic financial statements as combining financial statements.

# Unusual or Infrequent Items

## Unusual or Infrequent Items

- Separately present inflows and outflows of resources that are unusual in nature and/or infrequent in occurrence (replacing extraordinary and special items).
- Disclose additional information about those inflows and outflows, including the programs, functions, or identifiable activities to which they are related and whether they are within the control of management.

# Effective Date and Transition

- Effective for fiscal years beginning after June 15, 2025
  - All reporting periods thereafter
  - Earlier application is encouraged
  - Changes adopted at transition—change in accounting principle (Statement 100)
  - All component units should implement the provisions in the same year as the primary government

# Disclosure of Certain Capital Assets

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## Statement No. 104

September 2024

### **Governmental Accounting Standards Series**

Statement No. 104 of the  
Governmental Accounting  
Standards Board

#### **Disclosure of Certain Capital Assets**

**GASB**

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

# 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?

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 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

December 2025

### Governmental Accounting Standards Series

Statement No. 105 of the  
Governmental Accounting  
Standards Board

#### Subsequent Events



GOVERNMENTAL ACCOUNTING STANDARDS BOARD

# 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.

# 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

- 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

# 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

# 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

# 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

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IG 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 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

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# Going Concern Uncertainties and Severe Financial Stress

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# 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.

Redeliberations began in October 2025.

# 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

# 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?

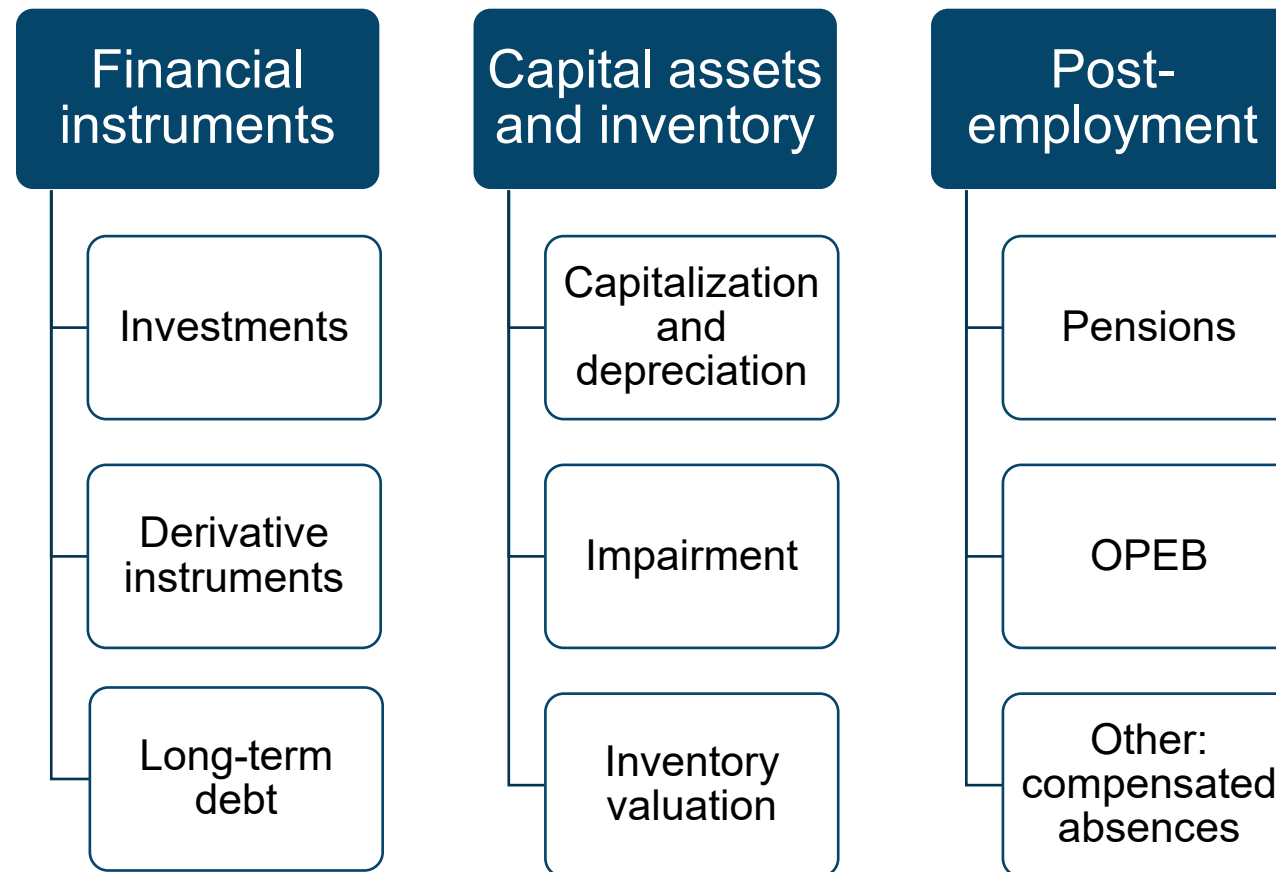
Guidance for exchange transactions is limited; guidance for nonexchange transactions could be improved and clarified

## When?

Exposure Draft scheduled for March 2027

# 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***

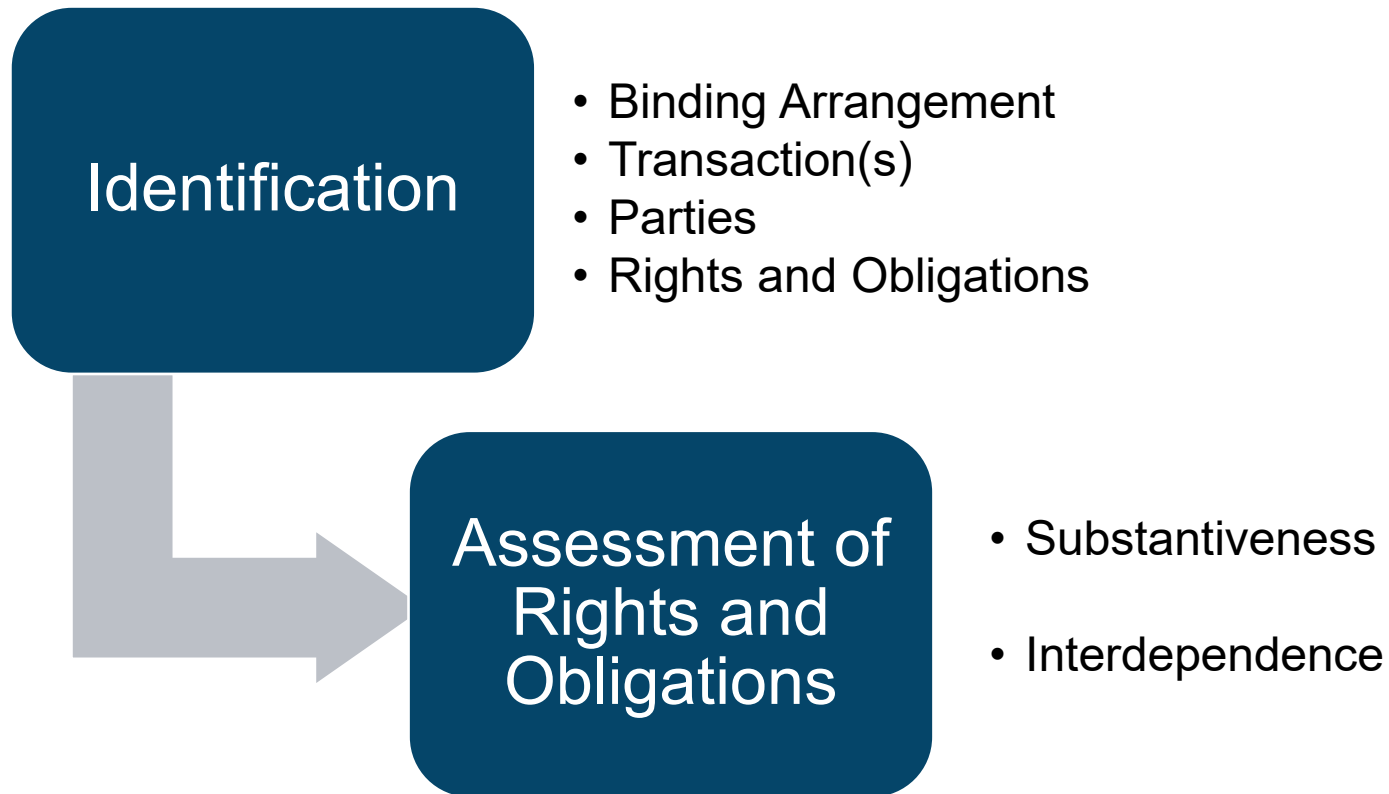
Determine *what* element should be reported and *when*

## ***Measurement***

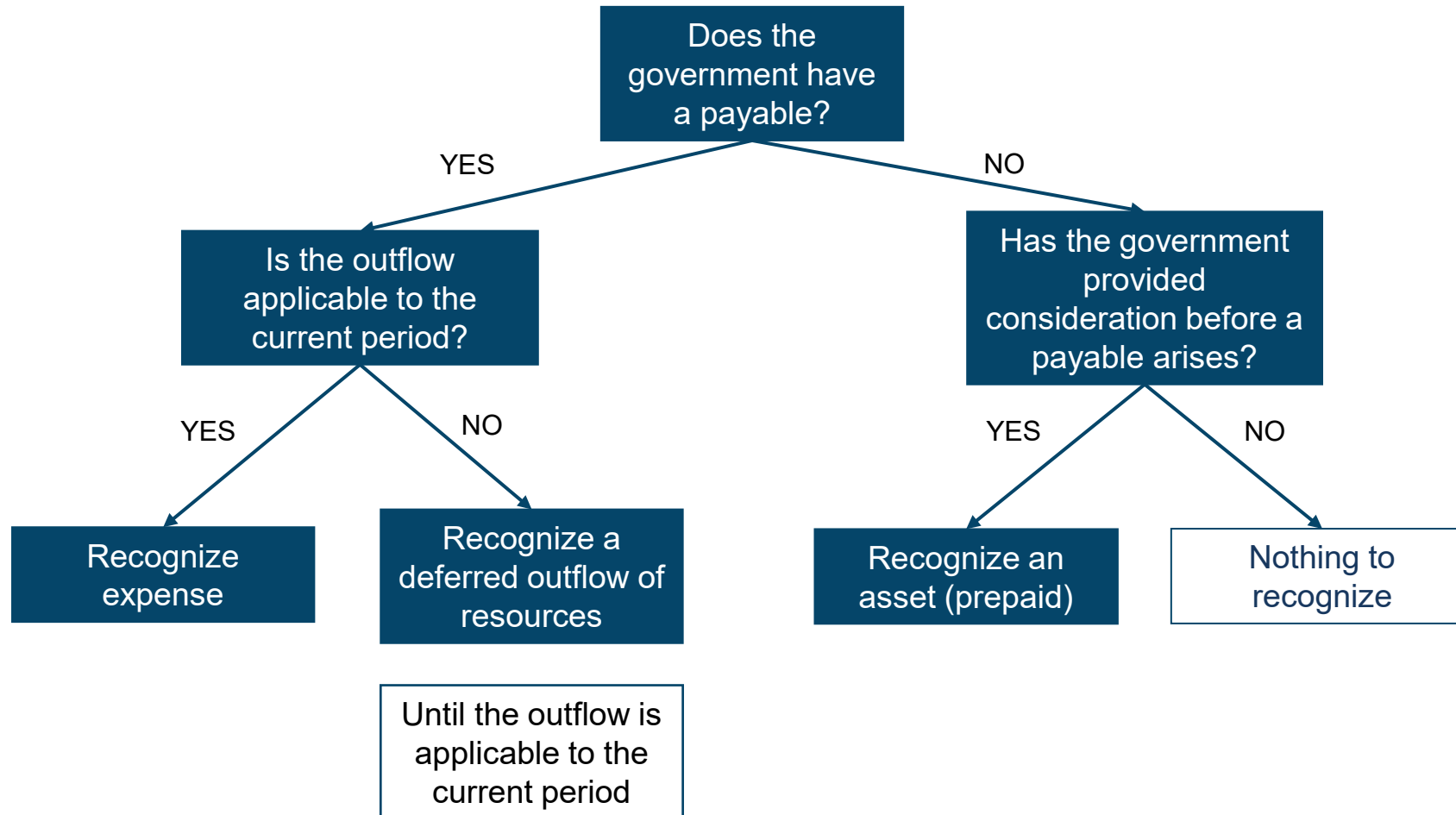
Determine the *amount* to report

# Categorization Methodology

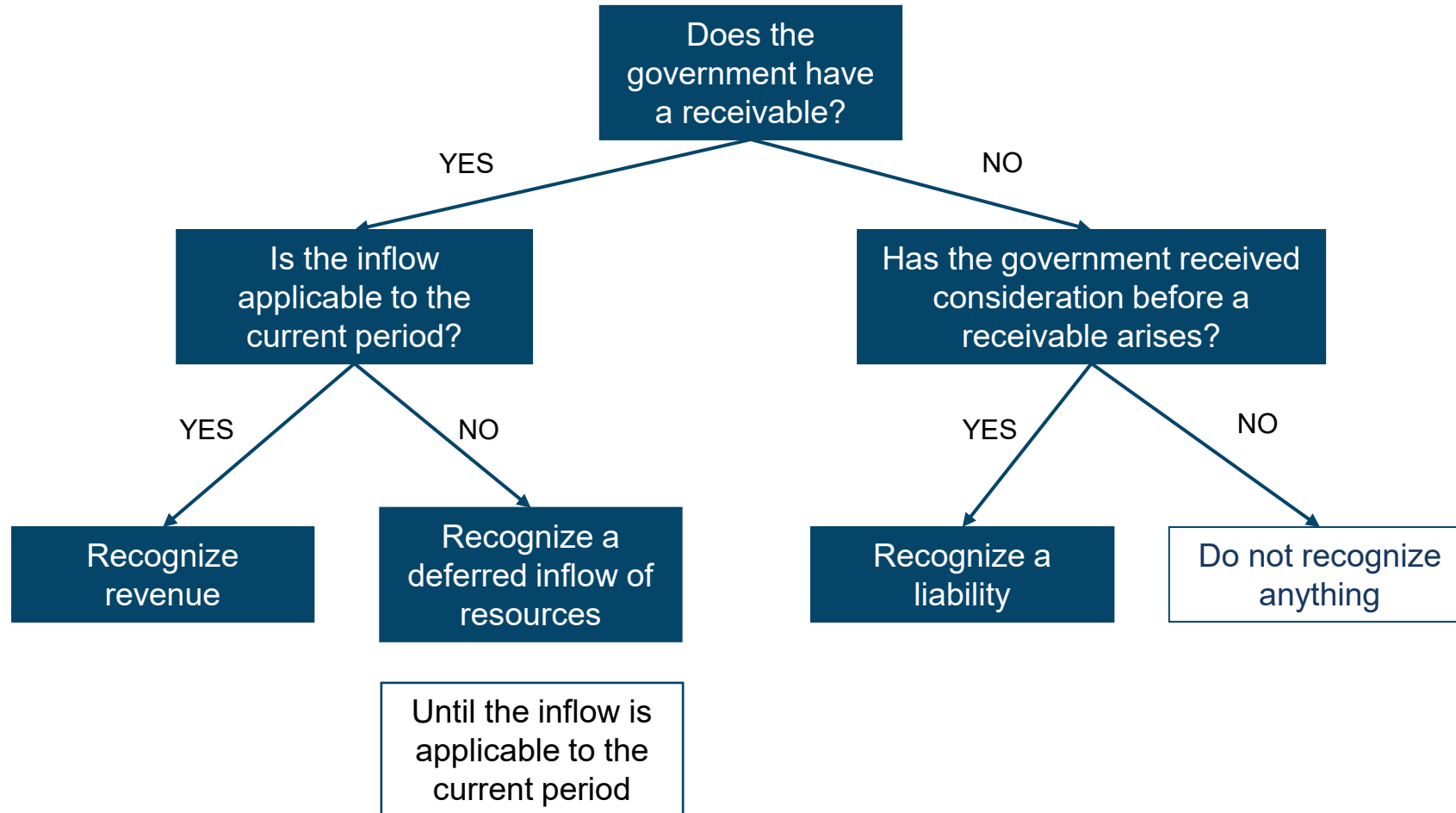
Process to identify transactions as Category A (include a performance obligation) or Category B (does not include a performance obligation)



# Proposed Expense Recognition Principles



# Proposed Revenue Recognition Principles



# 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

- 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

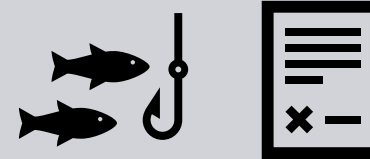
- A government **imposes** a requirement to provide resources
- Upon an action or an omission

## 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

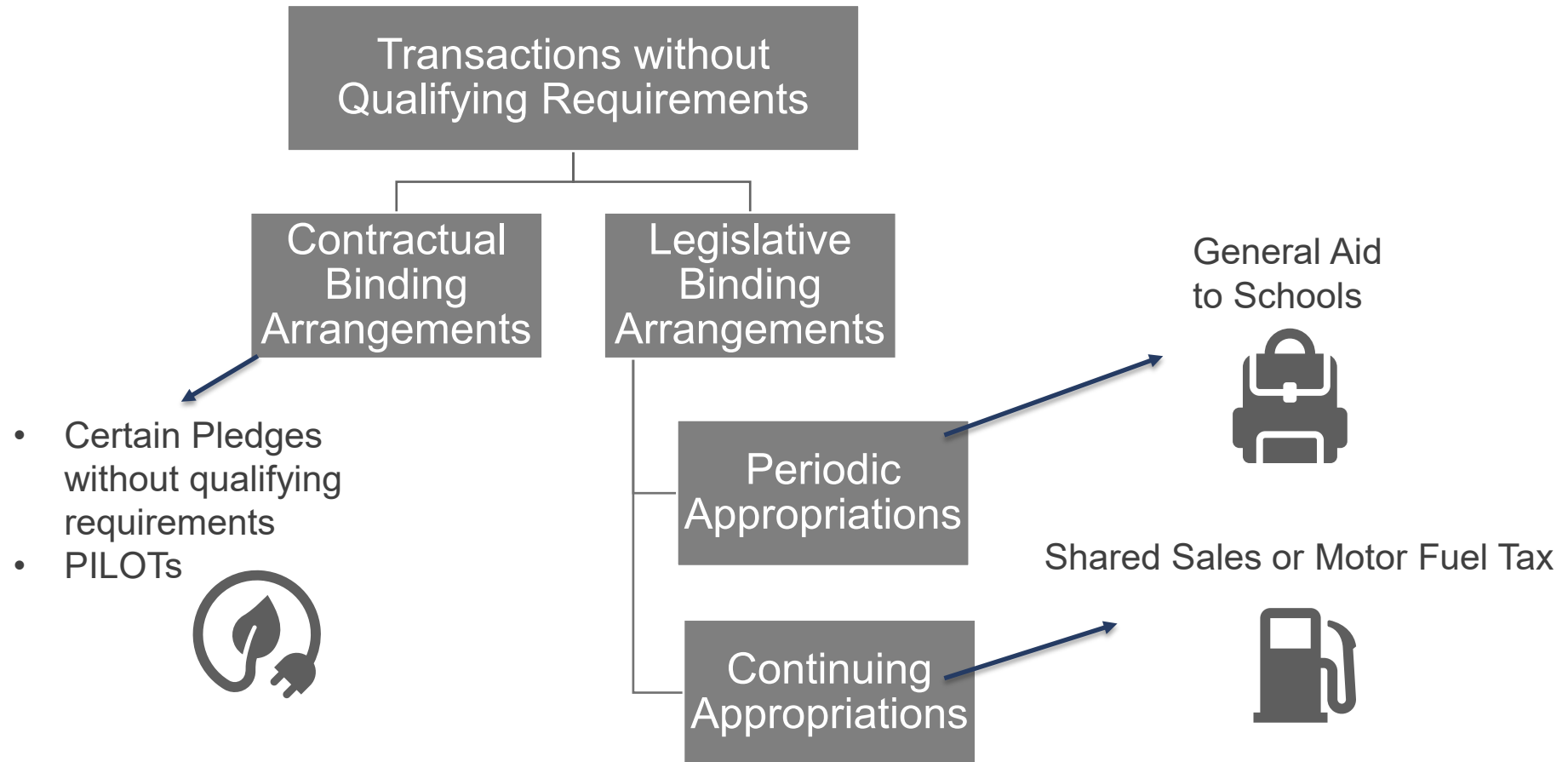
- **Receivable is recognized at the imposition date**
- A deferred inflow of resources is recognized if the imposition occurs before the fiscal period the tax is intended to fund
- Revenue is recognized in the fiscal period the tax is intended to fund

## Examples

- Real Property Tax
- Personal Property Tax



# Transactions without Qualifying Requirements— Examples



# Transactions without Qualifying Requirements — Recognition

## General Aid to Schools (Periodic Appropriation)

- 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

## 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.

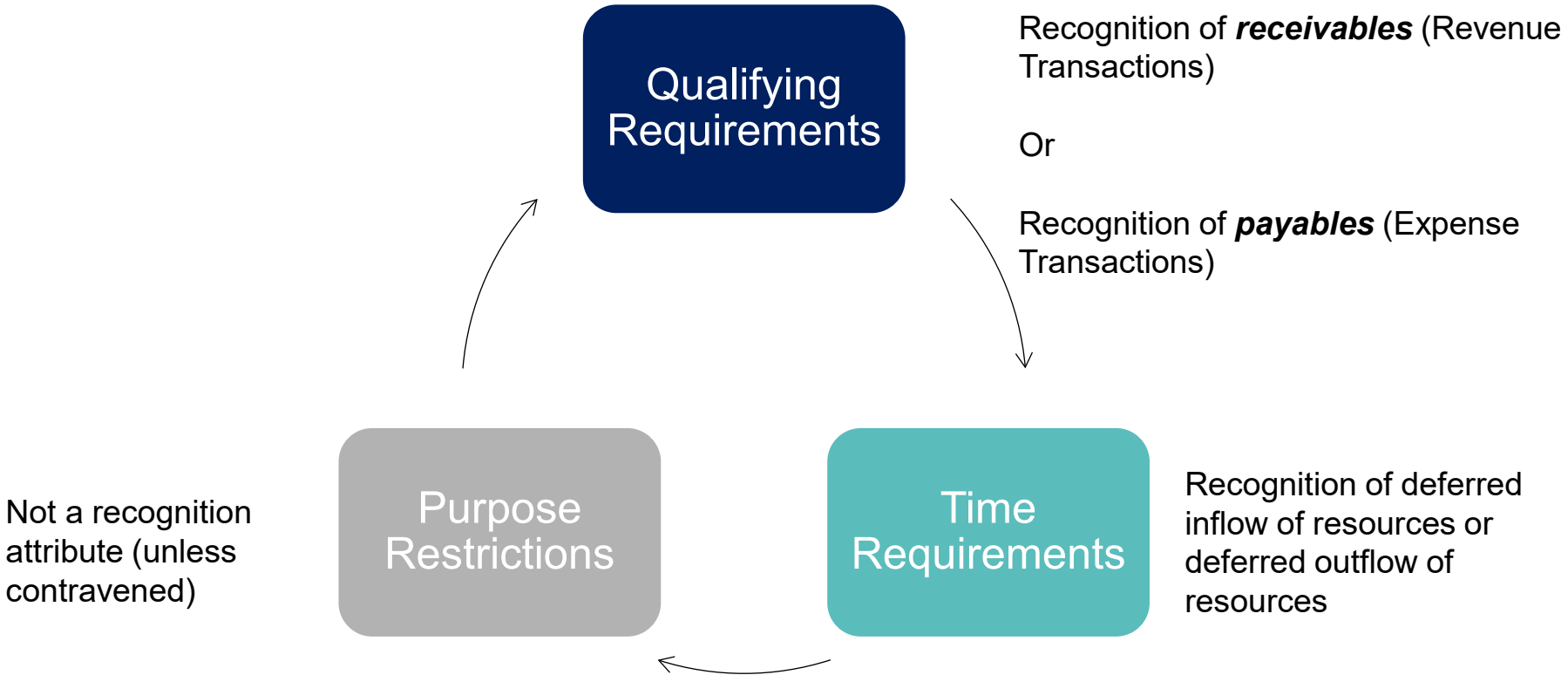
- *Terminology difference to communicate change in concept.*
- *Timing of cash does not determine the type of transaction (no longer identified as “reimbursement based”).*
- ***Exercise of professional judgement remains a necessary step to determine if a transaction includes qualifying requirements.***

# Tentative Decisions about Qualifying Requirements

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

**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— Clarifications



# 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

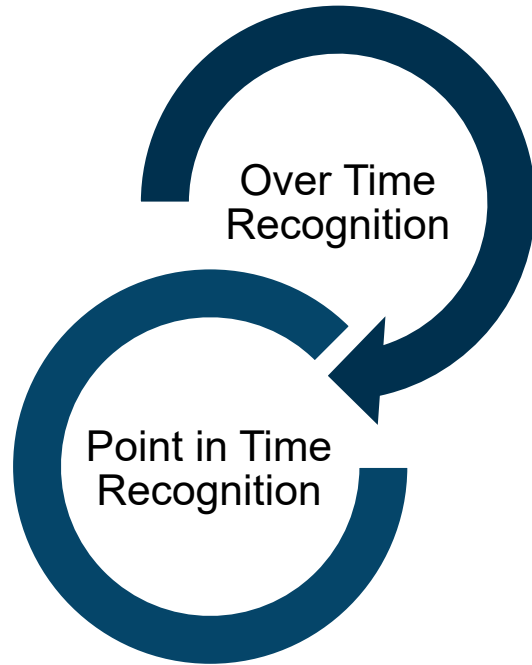
Goods and services are separately identifiable within the context of the transaction. Indications that they are NOT separately identifiable:

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

- 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

Determine the total binding arrangement amount

Rely on terms and conditions of a binding arrangement to determine the total amount of consideration described in the binding arrangement.



Allocate to each transaction in the binding arrangement

Binding arrangements may give rise to more than one transaction.



Allocate the transaction amount to the respective unit of account

# Components of Consideration

Fixed  
Consideration

Variable  
Consideration

Financing  
Component

Nonmonetary  
Consideration

Contingent  
Consideration

# Pre-Agenda Research and Technology Projects

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# Pre-Agenda Research

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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 research project to the technical plan in December 2024.

# Cybersecurity Risk Disclosures—Objectives

This research effort had three 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

# Cybersecurity Risk Disclosures—Methods

- Reviews of financial statements:
  - A sample of governments that had been victims of cybersecurity incidents
  - A sample of governments that had not
- Interviews of stakeholders (including individuals involved with cybersecurity efforts)
- Literature reviews:
  - Academic research
  - Professional publications
  - News articles related to cybersecurity incidents
  - Cybersecurity reporting requirements promulgated by the SEC and CISA
  - Standard-setting literature

# Cybersecurity Risk Disclosures—Findings (Objective 1)

- Categories of the effects of cybersecurity incidents:
  - The theft of governmental resources through ransoms and other means
  - The theft of sensitive and confidential data held by governments
  - The disruption of the business operations or of services provided by governments
  - Reputational harm
  
- Governments have variability in the internal factors that affect the maturity of their cybersecurity posture and ability to withstand and respond to cybersecurity incidents.

# Cybersecurity Risk Disclosures—Findings (Objective 2)

- Some state and local governments voluntarily provide information about cybersecurity in their financial statements.
  - Generally limited information about cybersecurity incidents and insurance.
  - Some of that information is provided in accordance with existing guidance on broader topics (for example, contingencies).
- The quantified impact of cybersecurity incidents generally appears to be relatively small in magnitude.

# Cybersecurity Risk Disclosures—Findings (Objective 3)

- Users interviewed for the research indicated interest in information about a government’s cybersecurity (1) posture, (2) insurance, and (3) incidents.
- There are concerns that disclosing information about cybersecurity risks may increase the exposure governments already have to such risks (“**cybersecurity disclosure conflicts**”).
- Disclosure may be at odds with varying state legislation exempting such information from open public records requests.

# Cybersecurity Risk Disclosures—Path Forward

- The project staff presented the research findings to the Board at the February 2026 meeting.
- The final research paper is available to the public on the GASB's website.
- The Board is to consider whether to add a project about cybersecurity to the current technical agenda at its May 2026 meeting.

# Pension and OPEB Disclosures—Concepts Statement 7

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# 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.

# 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)

# 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.

# 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

# 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.

# 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

# 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:

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?

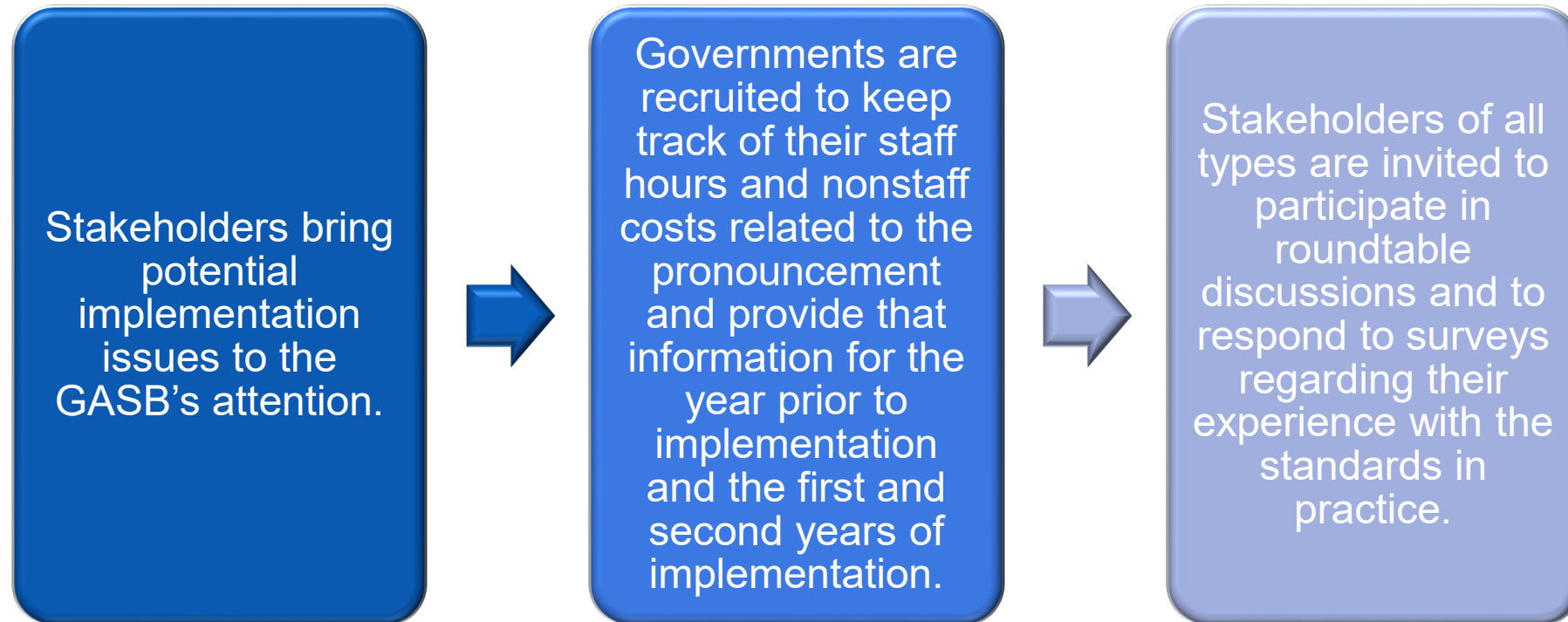
To provide general support to stakeholders when implementing significant new pronouncements

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?

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

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Statement 84—Fiduciary Activities

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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