

GASB Update

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Effective Dates—June 30 Fiscal Year End

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➤ **2024**

- Statement 100—Accounting Changes and Error Corrections
- Implementation Guide 2021-1—Update (multiple effective dates)
 - One question and answer to be implemented in 2024
- Implementation Guide 2023-1—Update

➤ **2025**

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

2026

- Statement 103—Financial Reporting Model Improvements

Effective Dates

June 30: Fiscal Year 2023

- Statement 91 – conduit debt
- Statement 94 – public-private partnerships
- Statement 96 – SBITAs
- Statement 99 – omnibus 2022 (leases, PPPs, and SBITAs)
- IG 2020-1 – update (4.6–4.17 and 4.19–4.21)
- IG 2021-1 – update (4.1–4.21, 4.23, 5.2, and 5.4)

June 30: Fiscal Year 2024

- Statement 99 – omnibus 2022 (financial guarantees and classification of derivatives)
- Statement 100 – accounting changes and error corrections
- IG 2021-1 – update (5.1)

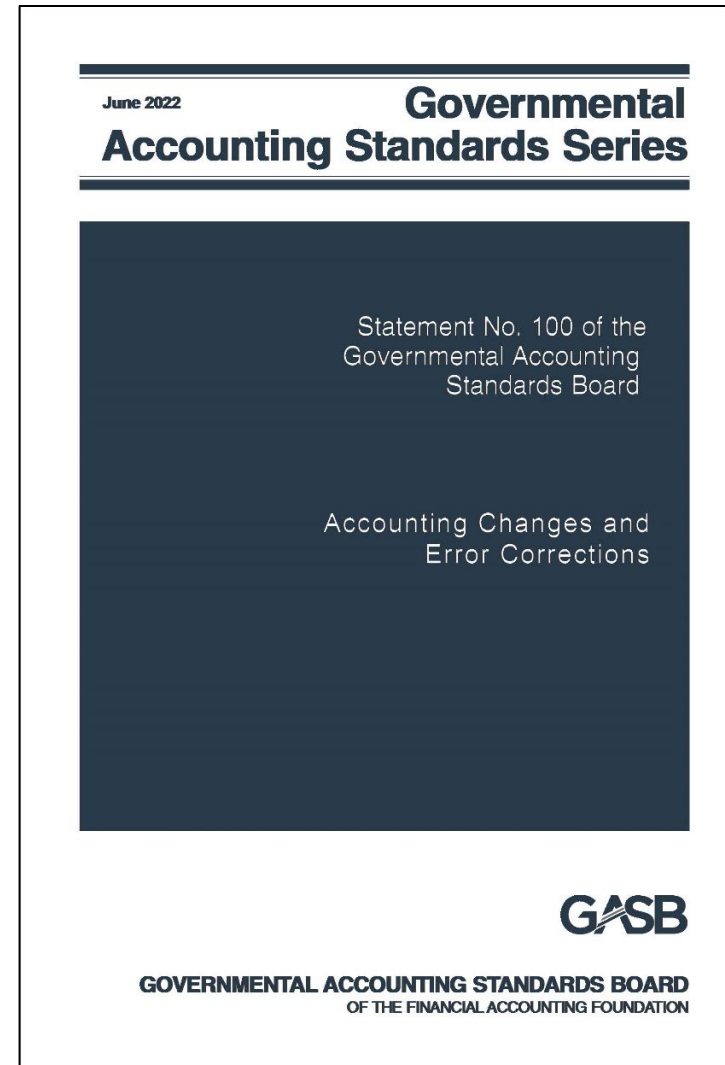
June 30: Fiscal Year 2025

- Statement 101 – compensated absences

Approved Statements for 2024 and Beyond

Statement 100

Accounting Changes and Error Corrections



Statement 100—Scope

Accounting Changes

- Change in accounting principle
- Change in accounting estimate
- Change to or within the financial reporting entity

Error Corrections

- Mathematical mistake
- Mistake in the application of accounting principles
- Oversight or misuse of facts that existed at the time the financial statements were issued

Change in Accounting Principle

Change from one GAAP principle to another—justified because change is preferable

- Qualitative characteristics used the basis for determination

Implementation of new authoritative pronouncement

Change in Accounting Estimate

Accounting estimate—amount subject to measurement uncertainty that is recognized or disclosed in the basic financial statements

- Estimates are outputs—determined based on inputs of data, assumptions, and measurement methodologies
 - Occurs with changes to inputs
 - Results from a change in circumstances, new information, or more experience

Change to or Within the Financial Reporting Entity

Addition or removal of a fund that results from the movement of continuing operations

Change in fund's presentation of as major or nonmajor

Additions or removals of component units, with exceptions

- Acquisitions, mergers, transfers of operations—Statement 69
- Component unit reported pursuant to Statement 90

Change in component unit presentation—blended/discrete

Comprehensive Implementation Guide

Z.110.1 (2021-1 IG, Q 4.10)

Q—Upon completion of a capital asset project during the year, the government closes out a major capital projects fund and moves the remaining resources to the general fund. Does this circumstance constitute a change to or within the reporting entity?

A—No. Even though the capital projects fund will no longer be included in the government's financial reports in future periods (that is, the fund will be removed for financial reporting purposes), it does not constitute a change to or within the financial reporting entity in accordance with paragraph 9a of Statement 100 because, in this case, the removal of the fund does not result from the movement of continuing operations. Instead, the movement of remaining resources to the general fund should be reported as interfund activity in accordance with paragraph 112 of Statement 34.

Accounting and Reporting—Accounting Changes and Error Correction

Change in accounting principle

- Single period—retroactively reported by restating beginning net position/fund balance for the cumulative effect
- Comparative—restating all prior periods, if applicable and practicable

Change in estimate

- Applied prospectively

Change to or within the financial reporting entity

- Adjust current reporting period's net position/fund balance—as if the change occurred as the beginning of the reporting period

Error correction

- Same as change in accounting principle without practicality exception

Aggregate amounts presented on face with details in the notes (illustrated in Statement)

Statement 100—Disclosures

Change in accounting principle

- Nature of change—including line items affected
- Reason for change

Change in accounting estimate—Each circumstance that a change to an input had a significant effect on estimate

- Nature of change—including line items affected
- Reason for change measurement methodology (unless required by GASB in a specific pronouncement)

Change to or within the financial reporting entity

- Nature of change
- Reason for change—except major/nonmajor change based on GASB thresholds

Error correction

- Nature of error and its correction—including line items and years affected
- Effect on prior period “change in net position/fund balance” as if error had not occurred

Required Supplementary Information and Supplementary Information

Change in accounting principle or change to or within the financial reporting entity

- Information should be consistent with the basic financial statements
- Information for periods prior to the adjustment/restatement should not be modified
- Explanation that prior-period information is not consistent (not modified) should be provided

Error correction

- All affected information should be corrected by restating the information
- Identify as restated
- Explanation of the nature of the error should provided

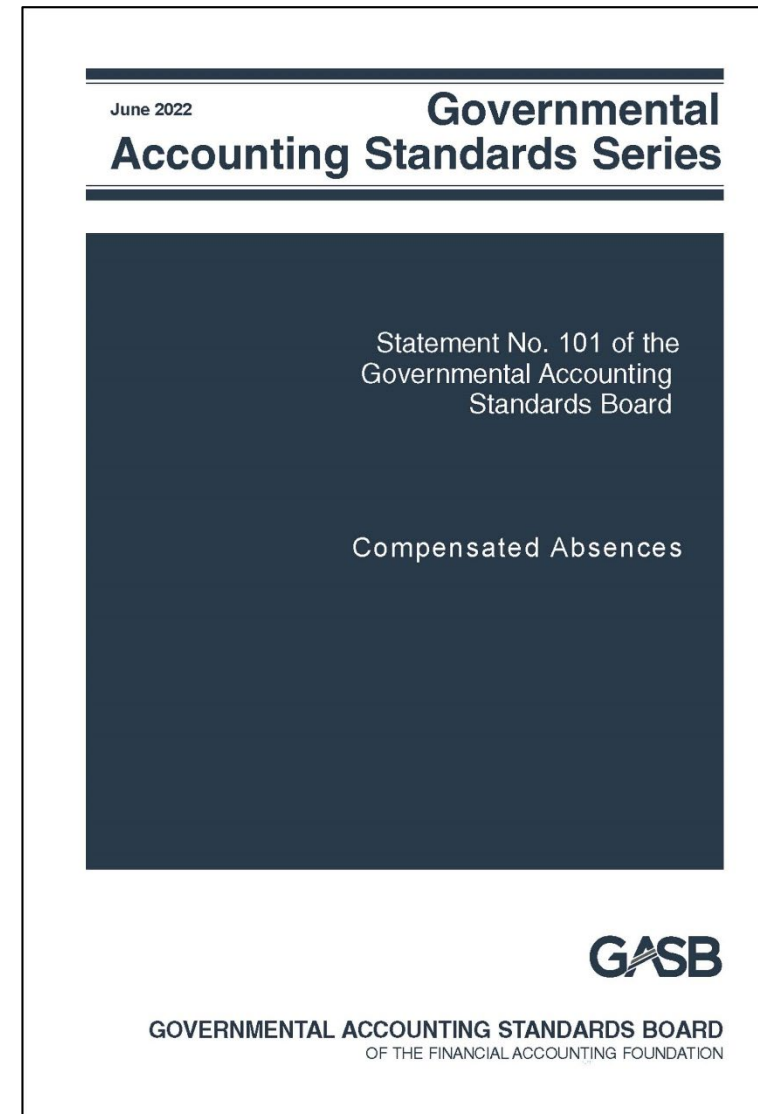
	12/31/20X1 As Previously Reported	Change to or within the Financial Reporting Entity (A)	Change to or within the Financial Reporting Entity (B)	Error Correction (C)	12/31/20X1 As Restated
Government-Wide					
Governmental Activities	\$ 768,033	\$ -	\$ -	\$ 71,312	\$ 839,345
Business-Type Activities	543,163	(2,184)	-	-	540,979
Total Primary Government	\$ 1,311,196	\$ (2,184)	\$ -	\$ 71,312	\$ 1,380,324
Governmental Funds					
Major Funds:					
General Fund	\$ 631,607	\$ -	\$ -	\$ -	\$ 631,607
Fund A	100,922	-	-	-	100,922
Nonmajor Funds	40,486	-	-	-	40,486
Total Governmental Funds	\$ 773,015	\$ -	\$ -	\$ -	\$ 773,015
Proprietary Funds					
Major Funds:					
Enterprise Fund C	\$ 418,910	\$ -	\$ -	\$ -	\$ 418,910
Enterprise Fund D	74,831	(2,184)	-	-	72,647
Nonmajor Funds	49,422	-	-	-	49,422
Total Proprietary Funds	\$ 543,163	\$ (2,184)	\$ -	\$ -	\$ 540,979
Fiduciary Funds					
Pension and Other Employee Benefit Trust Funds	\$ 3,071,227	\$ -	\$ -	\$ -	\$ 3,071,227
Discretely Presented Component Units					
ABC Authority	\$ 1,696	\$ -	\$ -	\$ -	\$ 1,696
QRS Foundation	-	2,184	-	-	2,184
XYZ Foundation	-	-	1,500	-	1,500
Nonmajor Component Units	2,730	-	-	-	2,730
Total Discretely Presented Component Units	\$ 4,426	\$ 2,184	\$ 1,500	\$ -	\$ 8,110

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Funds	Government-Wide		Component Units	
	Enterprise Fund D	Governmental Activities	Business-Type Activities	QRS Foundation	XYZ Foundation
12/31/X1, as previously reported	\$ 74,831	\$ 768,033	\$ 543,163	\$ -	\$ -
Change from blended to discrete presentation	(2,184)	-	(2,184)	2,184	-
Addition of discretely presented component unit	-	-	-	-	1,500
Error correction	-	71,312	-	-	-
12/31/X1, as restated	\$ 72,647	\$ 839,345	\$ 540,979	\$ 2,184	\$ 1,500

Statement 101

Compensated Absences



Compensated Absences Description

Leave for which employees may receive one or more:

- Cash payments when the leave is used for time off
- Other cash payments, such as payment for unused leave upon termination of employment
- Noncash settlement, such as conversion to postemployment benefits

Common Examples—Focus

Vacation and sick leave

Paid time off (PTO)

Certain types of sabbatical leave

Types where recognition should not occur until leave commences

- Parental leave
- Military leave
- Jury duty

Exceptions to the General Recognition Approach

Leave that is dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period

- Recognize liability when leave commences
- Parental leave, military leave, jury duty recognized when commences
- Not sick leave or sabbatical leave

Unlimited leave and holiday leave taken on specific date

- Recognize liability when used

Exceptions - Continued

Benefits in the scope of Statement 47

- Termination benefits

Leave more likely than not will be settled through conversion to defined benefit postemployment benefit

- Statement 68—pensions
- Statement 75—OPEB

Compensated Absences—Recognition

The leave:

- Is attributable to services already rendered
- Accumulates
- Is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means

Start preparing—how much of sick leave is used?

Considerations for More Likely Than Not


The government's employment policies related to compensated absences

Whether leave that has been earned is, or will become, eligible for use or payment in the future


Historical information about the use, payment, or forfeiture of compensated absences

Information known to the government that would indicate that historical information may not be representative of future trends or patterns


Sick Leave Liability Calculation



How many sick days are outstanding at year end



Less: How many sick days are expected to be converted for service credit—
retirement benefit



Less: How many days are expected to expire at retirement (past is prolog)

Compensated Absences—Measurement

Pay rate

- Generally at the end of the reporting period
- Exception—more likely than not to be paid at a different rate (for example, 50 percent of rate)

Salary-related payments

- Directly and incrementally related (for example, social security, Medicare)
- Defined contribution plan (based on current rate)
- Defined benefit plans—no

Statement 102

Certain Risk Disclosures

DECEMBER 2023

Governmental Accounting Standards Series

Statement No. 102 of the
Governmental Accounting
Standards Board

Certain Risk Disclosures



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

Certain Risk Disclosures—Scope

Current vulnerabilities due to

- Certain concentrations
 - Examples—employers, industries, inflows of resources, resource providers, workforce covered by collective bargaining agreements, and suppliers of material, labor, or services
- Certain constraints
 - Examples—limitations on raising revenue, limitations on spending, limitations on the incurrence of debt, and mandated spending

Statement 102—Scope Limits

Disclosures would not cover:

- Nature of the government's operations
- Use of estimates

Exclusion for:

- Acts of God, war, sudden catastrophes (fire)
- Risks associated with financial instruments (addressed in other GASB standards)

Applies only to risks of the current period (if comparative statements are issued)

Focus of Assessment

Primary government

Reporting units which report a liability for revenue debt

Disclosures Criteria

A concentration or constraint is known to the government prior to the issuance of the financial statements

The concentration or constraint makes the government vulnerable to the risk of a substantial impact

An event or events associated with the concentration or constraint that could cause a substantial impact either have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the financial statements are issued

Disclosures

Disclose should be of sufficient detail to enable users of financial statements to understand the nature of each concentration or constraint and the government's vulnerability to the risk of a substantial impact associated with the concentration of constraint

- A description of the concentration or constraint
- A description of each event, if it has occurred or has begun to occur prior to the financial statements are issued, a description of each event associated with the concentration or constraint that could cause a substantial impact
- A description of actions taken by the government to mitigate the risk prior to the issuance of the financial statements

Overlap With Other Disclosures

For example, subsequent events

- In certain circumstances, disclosures should be combine the information with that required by other note disclosure guidance to avoid unnecessary duplication

Financial Reporting Model Improvements

STATEMENT 103

What Happened to the Model?

Key Events

Preliminary Views, *Recognition of Elements of Financial Statements and Measurement Approaches*, issued in June 2011

Post-implementation review began in 2013 (five years after Statement 34 was fully effective)

Research associated with PIR completed in July 2015

Project added to technical agenda in September 2015

Due Process

- Invitation to Comment—December 2016
- Preliminary Views—September 2018
- Exposure Draft—June 2020
- Redeliberations—May 2021

What Remains

Primary Areas of Improvement

Management's discussion and analysis

Unusual or infrequent items

Proprietary fund/BTA statements—format and content

Major component units—presentations

Budgetary comparisons

Management Discussion and Analysis

Analysis should be presented in a manner that avoids unnecessary duplication and allows for professional judgment when determining what information is unnecessarily duplicative

Discussion of significant variations between the original and final budget amounts and between the final budget amounts and actual results for the general fund should be presented as notes to budgetary comparison information

Removed requirement to present information about infrastructure assets accounted for using the modified approach

MD&A—Currently Know Facts, Decisions, or Conditions

Description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or produce significant differences from the current year results of operations. This section of the MD&A should include examples, if applicable, of the following:

- Trends in relevant economic and demographic data, including changes in population, customer base, and unemployment rates
- Relevant factors used to develop the subsequent year's budget, including:
 - Change in rates and bases
 - Changes in planned spending with reference to sources such as inflation, labor contracts, new laws or regulations, and the addition, expansion, elimination or reduction of programs
 - Expected changes in budgetary net position or fund balance
- Information related to all actions the government has taken related to postemployment benefit plans, capital asset improvement plans, and long-term financings (including leases and siblings)
 - Remember that the measurement date is the starting point for postemployment benefit plans
- Actions other parties have taken—for example, new laws or regulations imposed on the government

Unusual or Infrequent Items

Replaces extraordinary items and special items

Inflows of resources and outflows of resources related to unusual or infrequent items should be displayed separately on the government-wide, governmental funds, and proprietary funds statements of resource flows and should not be netted

Unusual or infrequent items should be presented individually as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental funds, and proprietary funds statements of resource flows

The program, function, or identifiable activity to which the item relates, if applicable, should be disclosed in the notes to financial statements

Information regarding whether an unusual or infrequent item is within the control of management should be disclosed in the notes to financial statements

Proprietary Funds— Operating/Nonoperating

Definition—Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses

Nonoperating revenues and expenses should be described as:

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

Exception—for example, certain loan programs should classify interest revenue as operating revenue and interest expense as operating expense

Definition of Subsidies

Resources received from another party or fund (1) for which the proprietary fund does not provide goods or services to the other party or fund and (2) that directly or indirectly keep current or future user fees and charges lower than they would be otherwise

Resources provided to another party or fund (1) for which other party or fund does not provide goods or services to the proprietary fund and (2) that are recoverable through the proprietary fund's current or future pricing policies

All other transfers

Proprietary Funds/BTAs—Presentation

Statement of revenues, expenses, and changes in fund net position should distinguish between: operating and nonoperating revenues and expenses, as well as separately report noncapital subsidies and provide a subtotal for operating income (loss) and noncapital subsidies

- **Operating revenues (detailed)**
 - Total operating revenues
- **Operating expenses (detailed)**
 - Total operating expenses
 - Operating income (loss)
- **Noncapital subsidies (detailed)**
 - Total noncapital subsidies
 - Operating income (loss) and noncapital subsidies
- **Other nonoperating revenues and expenses (detailed)**
 - Total other nonoperating revenues and expenses
 - Income (loss) before unusual or infrequent items
- **Unusual or infrequent items (detailed)**
 - Increase (decrease) in fund net position
- **Fund net position—beginning of period**
- **Fund net position—end of period**

Proprietary Funds/BTAs—Statistical Section

Governments engaged only in business-type activities or only in business-type and fiduciary activities, financial trend information in the statistical sections should distinguish between:

- Operating
- Noncapital subsidy
- Other nonoperating revenues and expenses

Presentation of Major Component Units

Major component unit information should be separately presented in the reporting entity's statements of net position and activities if it does not reduce the readability of the statements

If the presentation reduces the readability of the statements, combining statements of major component units should be included in the reporting entity's basic financial statements after the fund financial statements.

Budgetary Comparisons

Required Supplementary Information

- No optional reporting in basic financial statements
- Variance columns
 - Original and final budget amounts
 - Final budget amounts and actual budget results
- Includes explanations of significant variances in notes to RSI

Effective Date

Fiscal years beginning after June 15, 2025, and all reporting periods thereafter

Earlier application is encouraged

Implementation Guides

2021-1

2023-1

Implementation Guide 2021-1

Adds new questions on standards regarding

- Derivative instruments (1)
- Fiduciary activities (2)
- Leases (19)
- Nonexchange transactions (1)—was big (2023)

Updates existing Q&A guidance related to

- Financial reporting model (3)
- **Capitalization threshold—big (2024)**
- Sales and pledges and intra-entity transfers (1)

Implementation Guide 2021-1, 4.3

Q—In an employee benefit plan in which each participant directs the investment of assets in their individual account, a government selects the set of investment options (that is, more than one investment option) available to the participants. For purposes of paragraph 12 of Statement 84, is the fact that the government selects the set of investment options or can periodically change the set of investment options evidence that the government has the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the participants?

A—No. Selecting the set of investment options, including periodically changing the set of investment options, is not directing the use, exchange, or employment of the assets in a manner that provides benefits to the participants because the government does not have the ability to (a) expend the assets, (b) consume the assets, (c) change one asset for another asset, or (d) utilize the assets in another way to provide benefits to the participants in the employee benefit plan. Rather, the plan participants have those abilities.

Implementation Guide 2021-1, 4.23

Q—If a program that gives rise to a nonexchange transaction requires entering into one or more contractual agreements (for example, a grant agreement, a certification of acceptance, acceptance of terms and conditions, or project worksheets), can those agreements be considered nonsubstantive eligibility requirements such that revenue would be recognized before the agreement is executed if allowable costs are incurred?

A—No. Contractual agreements are not eligibility requirements. Rather, contractual agreements provide evidence of the resource recipient's acceptance of the terms and conditions of the provider's program, including eligibility requirements in that program. If an executed contractual agreement is required, the incurrence of allowable costs is not sufficient to fulfill recognition criteria in the absence of such executed agreement in accordance with the grantor's legal requirements. That is the case even if the contractual agreement includes provisions to reimburse allowable costs that are incurred prior to its execution.

Q—Should a government's capitalization policy be applied only to individual assets or can it be applied to a group of assets acquired together? Consider a government that has established a capitalization threshold of \$5,000 for equipment. If the government purchases 100 computers costing \$1,500 each, should the computers be capitalized?

A—Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture, and library books are examples of asset types that may not meet a capitalization policy on an individual basis, yet could be significant collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers.

Q—A government owns a building that it reports as a capital asset. The building has a carrying value of \$3 million and an appraised value of \$10 million. If the government transfers ownership of the building to a pension plan that it reports as a fiduciary component unit, how should the pension plan report the transaction in its separately issued financial statements?

A—In accordance with paragraph 15 of Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and paragraph 6 of Statement No. 92, *Omnibus 2020*, because the government and the pension plan are part of the same reporting entity, the pension plan should report a capital asset of \$3 million (the government's carrying value of the building) and an addition (a contribution) of \$3 million (the carrying value of the building, less the amount paid by the pension plan—in this case, zero). (See also Question 4.10 in Implementation Guide 2019-1 for a discussion related to the classification of assets acquired through an intra-entity transaction in the financial statements of the transferee government.)

Implementation Guide 2023-1

54

Adds new questions on standards regarding

- Leases (6)—114 total Implementation Guide Q&As
- SBITA (3)
- Accounting Changes and Corrections (1)

Updates existing Q&A guidance related to

- Leases (1)

Projects

Current Technical Agenda

Concepts/Comprehensive Projects

Revenue and Expense Recognition (2027)

- Exposure Draft—October 2025

Major/Practice Issue Projects and Research Activities

Major projects

- Going concern uncertainties and severe financial stress (2027)
- Infrastructure assets (2027)

Practice issues

- Classification of nonfinancial assets (July 2024)
- Implementation Guide (July 2025)
- Subsequent events (December 2025)

Research activities

- GAAP conformity
- GAAP structure—Original Pronouncements/Codification—Phase II

Monitoring

- Electronic financial reporting—Financial Data Transparency Act

Due Process Document

Disclosures and Classification of Certain Capital Assets

Assets Held For Resale—Criteria

Government has decided to sell the asset

- Factors to consider, but not limited to:
 - Whether the asset is available for immediate sale in its present condition
 - Whether an active program to locate a buyer has been initiated
 - Market conditions for selling that type of asset
 - Regulatory approvals needed to sale the asset

It is probable that the sale will be finalized within one year of the financial statement date

Note: Classification should be evaluated each reporting period

Proposed Disclosures—Certain Capital Assets—Redeliberated

Capital assets held for sale by major class of asset—
separate from changes in capital assets disclosure

- Historical cost and accumulated depreciation

Disclose separately by major class of asset in
changes in capital assets:

- Lease assets (underlying assets)
- P3s—new
- SBITAs
- Right-to-use assets other than leases, SBITAs, and P3s

Proposed Effective Date

Fiscal years beginning after June 15, 2025, and all reporting periods thereafter

Earlier application is encouraged

Disclosures and Classification—Due Process

Redeliberations began in March 2024

Final Statement—July 2024

Another Timely Topic

FDTA and Its Potential Implications



What Is the FDTA?

Financial Data Transparency Act—
Passed by Congress and Signed into
Law as part of the National Defense
Authorization Act (December 23,
2022)

FDTA—Major Provisions

FDTA directs certain regulatory agencies, including the SEC, to jointly propose rules that establish new data reporting standards within 18 months of enactment (June 23, 2024)

- These standards likely will be very broad; however...

The SEC then will propose rules within 2 years of enactment (December 23, 2024) that will require that information posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) be structured so that it is fully searchable and consistently identifiable by machine-readable technologies—at least a two-year transition period

- XBRL, AI-based, or other open-source technology
- May scale requirements to reduce impact on small entities
- No new disclosure requirements based on FDTA

Other Projects
That Currently
Are Being
Deliberated

The Details

Subsequent Events

Subsequent Events

Recognized events

- A subsequent event that is indicative of conditions existing at the financial statement date that informs the inputs to accounting estimates measured as of the financial statement date and should be incorporated into the determination of inputs to (and resultant measurement of) accounting estimates as of the financial statement date.

Subsequent Events

Nonrecognized events

- A subsequent event that does not inform the measurement of accounting estimates as of the financial statement date but that instead has a significant effect (favorable or unfavorable) on the basic financial statements in the period in which the event occurs and is either:
 - (1) one of the following: a debt-related transaction, a government combination or a disposal of government operations, a change to the legally separate entities that comprise the financial reporting entity, or the application of a new tax rate during the subsequent reporting period; or,
 - (2) an event or transaction that is of such a nature to be essential to a user's analyses for making decisions or assessing accountability

Subsequent Events—Project Timetable

Exposure Draft—December 2024

Final Statement—December 2025

Revenue and Expense Recognition

What To Expect

Changes may be subtle, but the principles are expected to provide the foundation for revenue and expense recognition well into the future

The project timetable may cause some to close their eyes or open another window on your browser, but this one is worth paying attention to

Scope

What is in is determined by what is out

What is out (at this point)

- Capital assets and inventory
- Financial instruments
- Postretirement benefits, compensated absences, and termination benefits
- Contingency guidance
- Regulated operations
- Guidance issued after Statement 65

Foundational Principles

Revenues and expenses

- Are of equal importance in resource flows statements
- Should be categorized independently and not in relation to each other

Establishing that the government is not acting as an agent for the citizenry, with the intent of continuing to prevent netting for revenues and expenses

Symmetry should be considered, to the extent possible

A consistent viewpoint, from the resource provider perspective, should be applied in the analysis of revenues and expenses

Recognition Methodology—Revenue

The anchor for a revenue transaction should be identified as

- An item of information that meets the definition of an asset that is a receivable or
- The receipt of consideration before a receivable arises

A liability should be recognized for consideration received in advance of an enforceable claim that is a receivable

Recognition Methodology—Expenses

The anchor for an expense transaction should be identified as

- An item of information that meets the definition of a liability that is a payable or
- The provision of consideration before a payable arises

A prepaid asset should be recognized for resources provided in advance of a present obligation that is a payable

Recognition Methodology—Deferred Inflows and Deferred Outflows of Resources

Recognition of a deferrals should be based on the flow's applicability to a reporting period

- For Category A transactions, the characteristic used to determine applicability to a reporting period is the satisfaction of a performance obligation
- For Category B transactions, the characteristic used to determine the applicability to a reporting period is the satisfaction of time requirements

Categorization

Is there a binding arrangement?

- No—Outside scope

Are there identifiable additional rights and obligations that are substantive?

- No—Category B

Are the rights and obligations interdependent?

- No—Category B

Recognition

Recognition unit of account

- Category A—distinct goods or services
- Category B—transaction
 - A transaction is a type of economic activity between the government and at least one counterparty that is evidenced by one or more binding arrangements.

Category B basic recognition principles carried forward from PV

Category A recognition principles ongoing

Measurement

The measurement unit of account represents the level of aggregation or disaggregation applicable to assets and liabilities to assess the relevant measurement attribute applicable to them.

Deliberations on measurement still ongoing

Project Timetable

Exposure Draft—October 2025

Final Statement—June 2027

Going Concern and Severe Financial Stress

Classifications

Cease to be a going concern

Going concern uncertainty

Severe financial stress

Cease To Exist As A Going Concern

Situation in which a governmental entity ceases to exist as the same legally separate entity, whether through a merger, acquisition, or dissolution without replacement

Going Concern Uncertainty

Substantial doubt about whether a governmental entity will continue to exist as the same legally separate entity, regardless of its financial condition

Substantial doubt means the likelihood is probable

Severe Financial Stress

Disclosures would be required when the government is “experiencing financial difficulties at such a degree that it is near or at the point of insolvency.”

Insolvency is described as “a circumstance in which a government is not paying its liabilities as they come due or is unable to pay its liabilities as they come due.”

Indicators from Statement 56 are carried forward:
Negative trends, other indicators of possible financial difficulties, internal matters, and external matters

Going Concern and Severe Financial Stress—Project Timetable

Preliminary Views—December 2024

Exposure Draft—June 2026

Final Statement—June 2027

Infrastructure Assets

Infrastructure—Proposed Definition

Assets that are part of a network of long-lived capital assets utilized to provide a particular type of public service, that are stationary in nature, and that can be preserved for a significant number of years

- Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, lighting systems, and communication networks.

Only buildings that are part of network of assets used to provide a particular type of public service should be considered infrastructure assets

Infrastructure—Recognition and Measurement

Infrastructure assets should continue to be:

- Recognized in the financial statements
- Measured using the historical cost/ depreciation approach with an allowance for governments to elect to use preservation method

Infrastructure—Preservation Method

A preservation method used to measure infrastructure assets should require the use of a capital asset management system that has the following minimum required characteristics:

- An up-to-date inventory of infrastructure assets, and
- Summarizes condition assessments and document estimates of annual amounts to maintain and preserve infrastructure assets.

A standardized condition assessment system should not be used to assess infrastructure assets measured using a preservation method.

A minimum condition level should not be prescribed for infrastructure assets measured using a preservation method.

Complete condition assessments should be performed over three years for infrastructure assets measured using a preservation method.

A change to a government's policy of preservation is a change in accounting principle.

A preservation method should not be allowed to measure infrastructure assets if the condition level of infrastructure assets is below the condition established in a government's policy of preservation.

The tracking of the replacement cost of infrastructure assets should not be a requirement to use a preservation method.

Infrastructure—Component Depreciation and Deferred Maintenance

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

Deferred Maintenance

- Preservation and maintenance costs for infrastructure assets that have not been incurred but that were expected to be incurred should not be recognized as a liability
- Information related to deferred maintenance should not be disclosed in the notes to financial statements
- Information related to deferred maintenance should not be presented as required supplementary information

Infrastructure—Proposed RSI and SI

RSI—Amounts to maintain and preserve infrastructure

- Estimated amounts at the beginning of the fiscal year
- Actual amounts expensed

SI—Governments not using the modified approach are encouraged to report condition reporting information

Infrastructure—Project Timetable

Preliminary Views—September 2024

Exposure Draft—January 2026

Final Statement—February 2027

Post-Implementation Review

Statements Under Review

Pensions—Statements 67 and 68

Fair Value Measurement and Reporting—Statement 72

Employer Reporting for Other Postemployment Benefits—Statement 75

Fiduciary Activities—Statement 84

Leases—Statement 87

PIR Process

Stage 1

- Monitor practice issues
- Issue implementation and educational guidance
- Seek volunteers for Stage 2 activities

Stage 2

- 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 non-staff costs for those three years (volunteers)
- Examine financial reports for the same random sample in the fifth year of implementation
- Conduct stakeholder roundtables and surveys regarding their experience with the standards

Stage 3

- Reports the findings publicly

PIR Status

Pensions—June 2014

- Stage 3 scheduled to be completed—May 2024

Fair value—June 2016

- Holding stakeholder roundtables
- Stage 3 scheduled to be completed—4Q 2024

OPEB—June 2018

- Collecting 5th year reports (2022-2023)
- Stage 3 scheduled to be completed—4Q 2026

Fiduciary activities—June 2021

- Collection of reports, implementation efforts, and related costs for post-implementation year

Leases—June 2022

- Collection of reports, implementation efforts, and related costs for implementation year

What Does the Future Hold?

Thank you!