

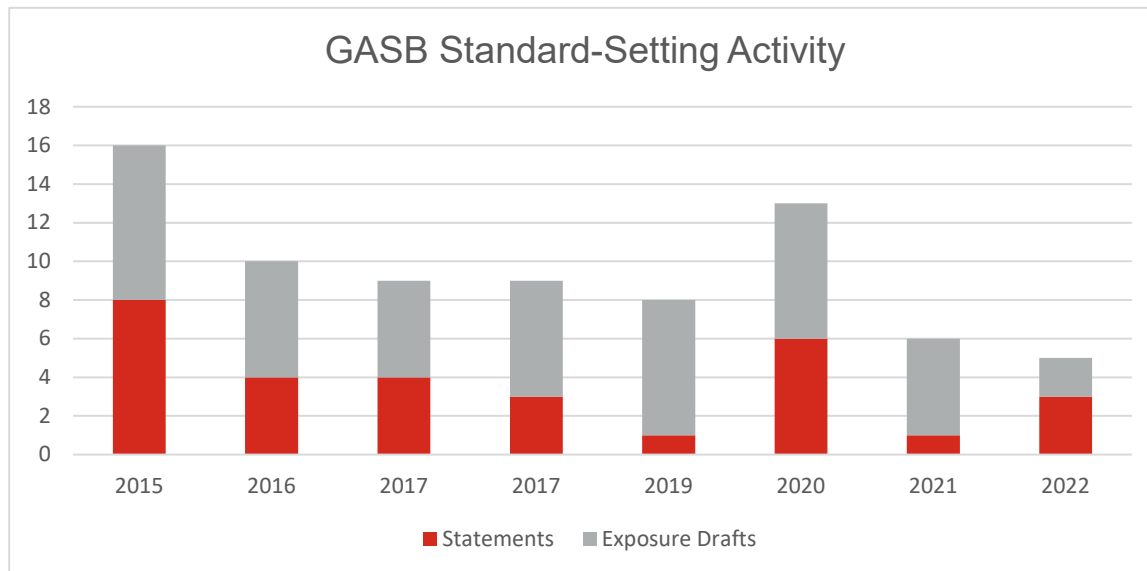
Perspectives: GASB Updates – June 2023

This paper provides an overview of GASB standard setting from July 2022 to June 2023, 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. This semiannual guide is intended as general information and should not be relied upon as being definitive or all-inclusive.

Overview

GASB is the independent organization that establishes and improves accounting and financial reporting standards for U.S. governmental entities. GASB's standard-setting activity slowed almost to a halt after several very busy years. GASB has not issued a new statement since June 2022. Only three exposure drafts were issued since June 2022; the most significant was related to risk disclosures and the other two were related to the 2023 Implementation Guide Update, which was recently issued. GASB has been focused on several multiyear projects that will have significant impacts on government financial reporting—the financial reporting model and revenue and expense recognition.

This paper summarizes GASB-issued standards sorted by effective date and includes updates on outstanding proposals, projects, and research.

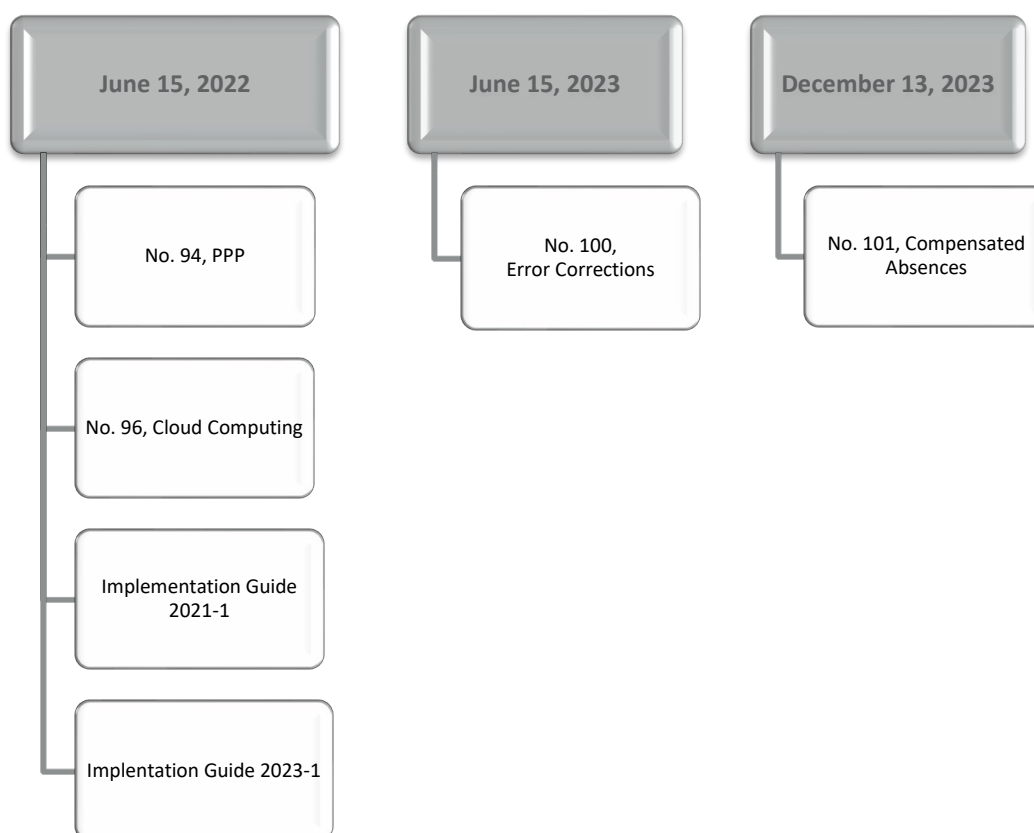


Topic	Description	Effective Date
Implementation Guidance Update—2023 Approved June 5, 2023 Related Resource: Coming soon	The update primarily addresses unresolved questions on Statement 87, <i>Leases</i> , and Statement 96, <i>Subscription-Based Information Technology Arrangements</i> (SBITAs).	Various dates depending on the underlying statement.

Upcoming Effective Dates

Early adoption is permitted or encouraged for all the statements below.

Reporting Periods Beginning After



Reporting Periods Beginning After June 15, 2022	
Standard	Description
<p>Statement 94 <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i></p> <p>Issued March 2020</p> <p>Related Resource: Ready for GASB 94, Public-Private Partnerships?</p>	<p>Supersedes Statement 60, <i>Accounting and Financial Reporting for Service Concession Arrangements</i> (SCAs). Provides recognition and measurement guidance for SCAs and other public-private partnerships (PPPs) that do not meet the lease definition.</p>
<p>Statement 96 <i>Subscription-Based Information Technology Arrangements</i></p> <p>Issued May 2020</p> <p>Related Resource: GASB 96 – What You Need to Know</p>	<p>Improvements to reduce diversity in current reporting, defining SBITAs. The statement leverages terms and guidance in Statement 87, <i>Leases</i>.</p>
<p>Implementation Guide 2021-1</p> <p>Issued June 2021</p> <p>Related Resource: 2021 GASB Implementation Guide Issued</p>	<p>Primarily addresses questions on Statement 87, <i>Leases</i>. In addition, several questions in previous implementation guides have been revised. There are various effective dates for the changes, but all can be applied early if the underlying pronouncement has been implemented.</p>
<p>Statement 99 <i>Omnibus 2022</i></p> <p>Issued April 2022</p> <p>Related Resource: GASB Issues Technical Corrections</p>	<p>The requirements related to London Interbank Offered Rate extension, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.</p> <p>Updates on leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.</p> <p>Updates to financial guarantees and derivative classification and reporting are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.</p>

Reporting Periods Beginning After June 15, 2023

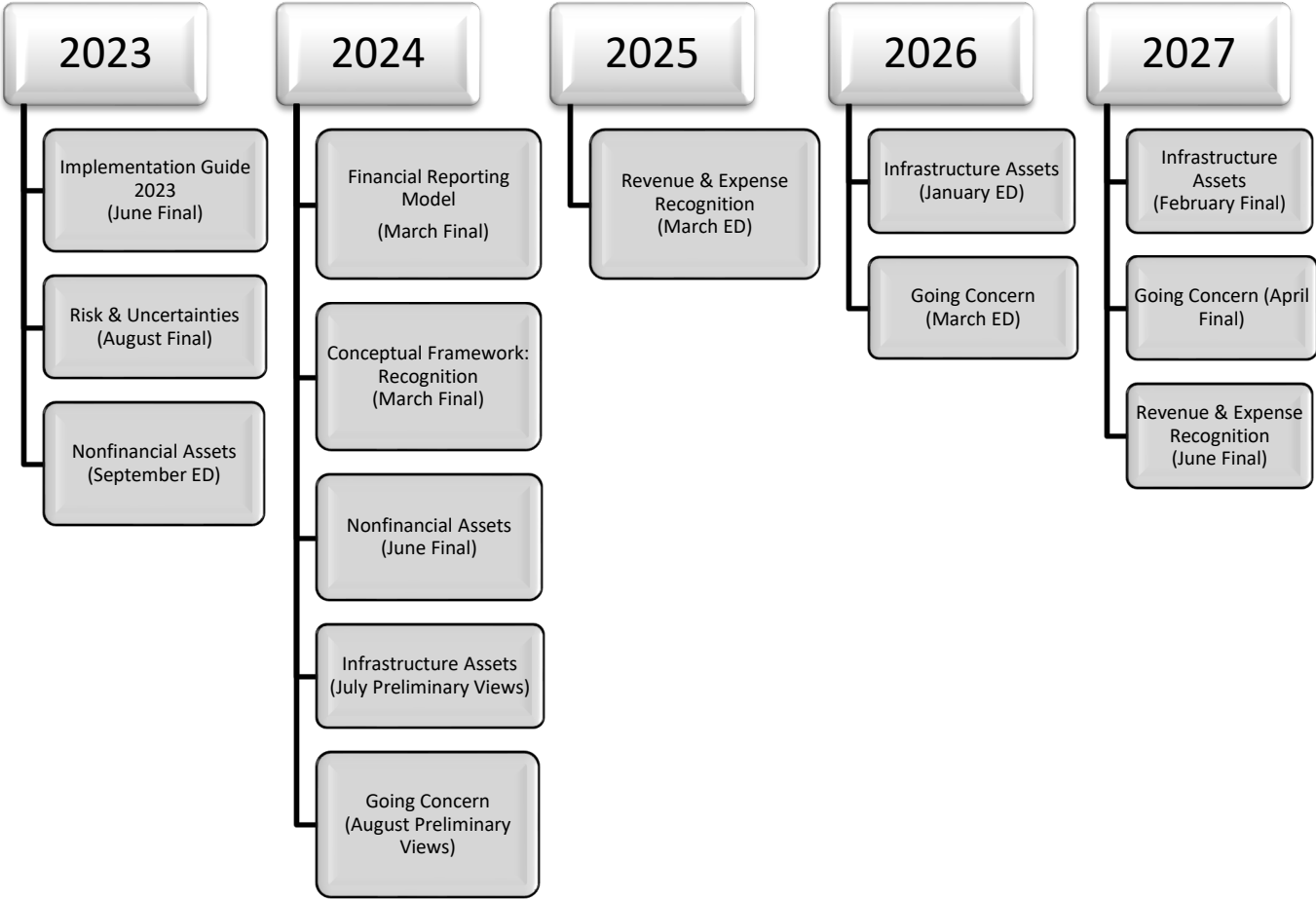
Standard	Description
<p>Statement 100 <i>Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62</i> Issued June 2022</p> <p>Related Resource: GASB Updates Rules on Accounting Changes & Error Corrections</p>	<p>Distinguishing between a change in accounting principles and a change in estimates can be difficult, but the distinction is critical to applying the correct guidance. GASB research indicated preparer classification challenges among the various adjustment categories and diversity in the related note disclosures. To address current diversity in practice, 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

Reporting Periods Beginning After December 15, 2023

Standard	Description
<p>Statement 101 <i>Compensated Absences</i> Issued June 2022</p> <p>Related Resource: GASB Updates Compensated Absences Guidance</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>

Technical Agenda

Project Plan Summary Timeline



Exposure Drafts Open for Comment or Deliberation

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

Topic	Description	Status (Subject to Change)
<p>Exposure Draft Concept Statement <i>Conceptual Framework: Recognition</i> Approved June 2020 Related Resource: GASB Refreshes Framework for Standard Setting</p>	<p>Establishes GASB’s recognition criteria for if and when information should be reported in state and local governmental financial statements.</p>	<p>Final Concepts Statement: March 2024</p>
<p>Preliminary Views <i>Revenue and Expense Recognition</i> Issued June 2020 Related Resource: GASB Invites Comments on Revenue & Expense Classification & Recognition</p>	<p>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.</p>	<p>Exposure Draft: March 2025 Public Hearings: April 2025 Final Statement: June 2027</p>
<p>Financial Reporting Model Issued August 2020 Related Resource: GASB Financial Reporting Model Improvements</p>	<p>Re-examines governmental funds’ measurement focus and basis of accounting and financial statement preparation.</p>	<p>Final Statement: March 2024</p>
<p>Risks & Uncertainties Disclosures Issued June 20, 2022 Related Resource: GASB Wants More Details on Risk</p>	<p>Governments would be required to disclose information about certain risks that could affect services provided or the ability to meet obligations as they become due. Disclosure would be required for a government’s vulnerabilities to certain concentrations and constraints common in the governmental environment.</p>	<p>Final Statement: August 2023 48 Comment letters received. Full support from S&P rating agency and investors; very limited support from governments and auditors</p>

Current Projects

In addition to proposed accounting standards, GASB’s technical plan includes major projects indicated in the following table.

Topic	Project Description	Schedule (Subject to Change)
<p>Nonfinancial Assets Classification</p> <p>Added to agenda in August 2021</p> <p>Initial Deliberations</p>	<p>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.</p>	<p>Exposure Draft: September 2023</p> <p>Final Statement: June 2024</p>
<p>Going Concern Uncertainties and Severe Financial Stress</p> <p>Added to agenda in December 2021</p> <p>Initial Deliberations</p>	<p>The project will consider disclosures and:</p> <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>In October, GASB announced a new task force to provide suggestions and feedback on this project comprised 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.</p>	<p>Preliminary Views: August 2024</p> <p>Exposure Draft: March 2026</p> <p>Final Statement: April 2027</p>
<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: July 2024</p> <p>Exposure Draft: January 2026</p> <p>Final Statement: February 2027</p>

Pre-Agenda Research

GASB is scheduled to perform pre-agenda research on these topics:

- Subsequent Events:** The project will review the effectiveness of existing guidance and consider possible revisions if warranted. If additional guidance is determined to be needed, another objective would be to consider

the development of revised accounting and financial reporting for subsequent events. Added to the agenda in December 2020. Research and interviews will be conducted through June 2023 and results reviewed with the board in July 2023.

Conclusion

For some governments, implementing these Statements will be complex and likely will require significant hours to implement correctly. **FORVIS** can help educate your team, provide implementation tools, and assist with analysis and documentation. 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 forvis.com.

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