

# 2021 Illinois GFOA Annual Conference



## GASB Hot Topics

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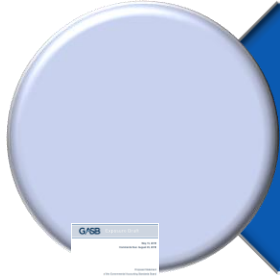
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Board Member, Governmental Accounting Standards Board

The views expressed in this presentation are those of Mr. Lantz and Dr. Caputo  
Official positions of the GASB are reached only after extensive due process and deliberations.

# Presentation Overview



Proposals for public comment



Projects currently being deliberated by the Board



Pre-agenda research activities

# Proposals for Public Comment

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# ***Accounting Changes and Error Corrections***

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Exposure Draft

# Exposure Draft

## What?

The Board has proposed improvements and clarifications to the existing standards for accounting changes and error corrections

## Why?

The relevant guidance is based on several sources of accounting standards, some of which have been superseded, and much of which has been in effect without review by the GASB for decades

## When?

Comment deadline is August 31, 2021

# Proposal: Classification

## Accounting changes

Change in accounting principle

Change in accounting estimate

Change to or within the financial reporting entity

Correction of an error in previously issued financial statements

First-time adoption of the US GAAP established by the GASB financial reporting framework

# Proposal: Change in Accounting Principle

A change in accounting principle results from either:

A **change** from one generally accepted accounting principle to another that is justified on the basis that *the newly adopted accounting principle is preferable*, based on the qualitative characteristics of financial reporting

Implementation of new pronouncements

# Proposal: Change in Accounting Estimate

A change in accounting estimate results from changes to the inputs to the estimate, such as data, assumptions, and measurement methodologies

Changes in inputs result from a change in circumstance, new information, or more experience

A change in measurement methodology should be justified on the basis that *it is preferable* to the prior methodology, based on the qualitative characteristics of financial reporting



# Proposal: Change to or within the financial reporting entity

A change to or within the financial reporting entity results from:

Addition/removal of a fund that results from movement of resources within the primary government, including its blended component units

A change in the fund presentation as major or nonmajor

Addition/removal of a component unit (except for acquisitions, mergers, and transfers of operations, and Statement 90 component units)

Change in presentation (blended or discrete) of a component unit

# Proposal: Correction of an error

An error results from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were issued about conditions that existed as of the financial statement date

Facts that existed at the time the financial statements were issued are those that could reasonably be expected to have been obtained and taken into account at that time about conditions that existed as of the financial statement date

A change from (a) applying an accounting principle that is not generally accepted to transactions or other events to (b) applying a generally accepted accounting principle is an error correction

# Proposal: Accounting for accounting changes and error corrections

## Change in accounting principle

- Reported retroactively by restating prior periods presented, if practicable
- If not practicable, restate beginning balances of current period

## Change in accounting estimate

- Reported prospectively
- Recognized in current-period flows

## Change to/within the reporting entity

- Reported by adjusting current period beginning balances

## Error correction

- Reported retroactively by restating prior periods presented

# Proposed disclosures: Changes in accounting principle

Disclosures vary depending on the type of item, but common disclosures include:

The nature of the change or error and its correction

Reason for the change

The effects on beginning net position, fund balance, or fund net position, as applicable

# Project Timeline

|                                   |                 |
|-----------------------------------|-----------------|
| Pre-Agenda Research Started       | August 2018     |
| Added to Current Technical Agenda | December 2019   |
| Deliberations Began               | February 2020   |
| Exposure Draft Issued             | May 2021        |
| Comment Deadline                  | August 31, 2021 |

# ***Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements***

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Revised Exposure Draft

# Disclosure Framework

## What?

The Board is seeking additional input on concepts regarding what information should be disclosed in notes

## Why?

The GASB reexamined existing note disclosure requirements and concluded that it was necessary to elaborate on the concept of “essential” as it relates to notes

## When?

Comment deadline: October 15, 2021

# Concepts Related to Disclosures

Concepts Statements guide the Board's decisions when setting accounting and financial reporting standards

Concepts Statement 3 establishes criteria for what communication method should be used to report information – financial statements, notes to financial statements, required supplementary information, and supplementary information



# Proposed Concepts

The purpose of note disclosures is to provide information that explains, describes, or supplements the financial statements and is **essential** to users in making economic, social, and political decisions and assessing accountability

Principal revisions to the previous Exposure Draft relate to the criteria that determine essentiality

# Information that is essential possesses the following characteristics:

Users utilize the information in their analyses for making decisions or assessing accountability or would modify those analyses to incorporate the information if it were made available

The information has or would have a meaningful effect on users' analyses for making decisions or assessing accountability

A breadth or depth of users utilize or would utilize the information in their analyses for making decisions or assessing accountability

# Project Timeline

|                                   |                  |
|-----------------------------------|------------------|
| Pre-Agenda Research Started       | April 2016       |
| Added to Current Technical Agenda | August 2018      |
| Exposure Draft Issued             | February 2020    |
| Redeliberations Began             | September 2020   |
| Revised Exposure Draft Issued     | June 2021        |
| Comment Period Ends               | October 15, 2021 |
| Final Concepts Statement Expected | June 2022        |

# Current Technical Agenda Projects

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# Compensated Absences

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# Exposure Draft, *Compensated Absences*

## What?

The Board proposed updated guidance for accounting and financial reporting for compensated absences

## Why?

A review of Statement 16 indicated opportunities for improvement and additional guidance for certain types of leave

## When?

Comment deadline:  
June 4, 2021

# Proposal: Scope and Applicability

## A compensated absence is

- Leave that employees use for time off with pay
- Leave for which employees receive payment upon termination of employment, or
- Leave for which employees receive settlement through other means, such as conversion to postemployment benefits

## Examples:

- Vacation and sick leave
- Paid time off (PTO)
- Holidays
- Certain types of sabbatical leave

# Proposal: Recognition Criteria

## Absence accumulates

- Can be carried forward from reporting period when earned to a future reporting period when it will be paid or settled

## Absence is attributable to services rendered

- Employee already has performed the services required to earn the absence

## Absence is *more likely than not* to be either paid or settled

- Likelihood of more than 50 percent

Exception: more likely than not to be converted to defined benefit pension/OPEB



# Proposal: Measurement

**Accumulated  
leave**



**Pay rate**



**Salary-related  
payments**

Leave that meets  
the recognition  
criteria

Generally the  
employee's  
pay rate at  
financial  
reporting date

Directly and  
incrementally  
related

Exception: more  
likely than not to  
be settled through  
other means

Exception:  
more likely  
than not to be  
paid at a  
different rate

DC pension or  
OPEB recognized  
as pension or  
OPEB liability

DB pension or  
OPEB excluded

# Proposal: Note Disclosures and Effective Date

## ■ Note disclosures

- No new note disclosures
- Exceptions to existing long-term liability disclosures for compensated absences:
  - Option to present net increase or decrease with indication that it is a net amount
  - Not required to disclose governmental fund used to liquidate

## ■ Effective date

- Reporting periods beginning after December 15, 2022

# Project Timeline

|                                   |               |
|-----------------------------------|---------------|
| Pre-Agenda Research Started       | August 2018   |
| Added to Current Technical Agenda | December 2019 |
| Deliberations Began               | February 2020 |
| Exposure Draft Approved           | February 2021 |
| Comment Deadline                  | June 4, 2021  |
| Final Statement Expected          | December 2021 |

# Conceptual Framework: Recognition

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# Exposure Draft: *Recognition of Elements of Financial Statements*

## What?

The Board issued an Exposure Draft of a Concepts Statement on recognition of financial statement elements

## Why?

Recognition concepts are one of the components needed to complete the conceptual framework

## When?

Comment deadline was February 26, 2021

Public hearings and user forums in March and April 2021

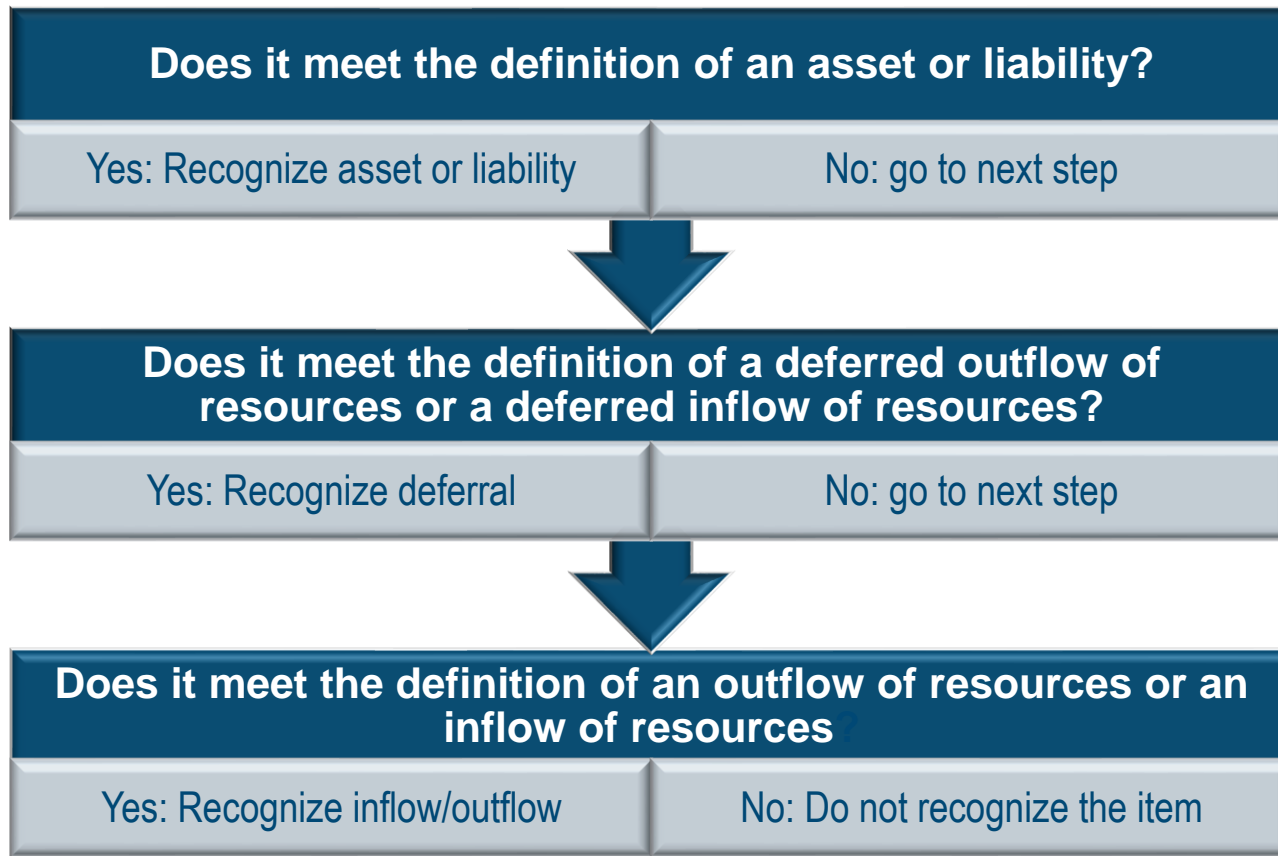
# Recognition Concepts

The **measurement focus** of a specific financial statement determines *what* items should be reported as elements of that financial statement.

The related **basis of accounting** determines *when* those items should be reported.

# Proposal: Recognition Hierarchy

Follow a specific order when evaluating an item for recognition:



# Proposal: Recognition Framework

## Two Measurement Focuses

### Economic Resources

(applied in government-wide, proprietary fund, and fiduciary fund financial statements)

### Short-Term Financial Resources

(would replace current financial resources in the governmental funds)



# Proposal: Recognition Framework (continued)



# Project Timeline

|                                   |   |
|-----------------------------------|---|
| Preliminary Views Issued          | September 2018  |
| Redeliberations Began             | June 2019   |
| Exposure Draft Approved           | June 2020   |
| Comment Deadline                  | February 26, 2021   |
| Public Hearings (virtual)         | March 23, 30 & 31, 2021<br>April 8, 13, 14, 20 & 21, 2021 |
| User Forums (virtual)             | April 9 & 15, 2021  |
| Final Concepts Statement Expected | June 2022   |

# Financial Reporting Model Reexamination

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# *Financial Reporting Model Improvements*

## **What?**

The Board proposed 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?**

Comment deadline was February 26, 2021

Public hearings and user forums in March and April 2021

# Overview of the Proposals

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Measurement focus and basis of accounting for the governmental funds

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Format of governmental funds financial statements

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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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# Proposal: Recognition in Governmental Funds

Short-term financial resources measurement focus  
and accrual basis of accounting

Elements from *short-term* transactions or other events recognized as the *underlying transaction or other event occurs*

Elements from *long-term* transactions and other events recognized *when payments are due*

Financial assets: cash, assets that are available to be converted to cash, and assets that are consumable in lieu of cash

# Recognition in Governmental Funds (cont.)

## Short-Term Transactions

Period from inception to conclusion is one year or less

## Long-Term Transactions

Period from inception to conclusion is more than one year

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### Inception

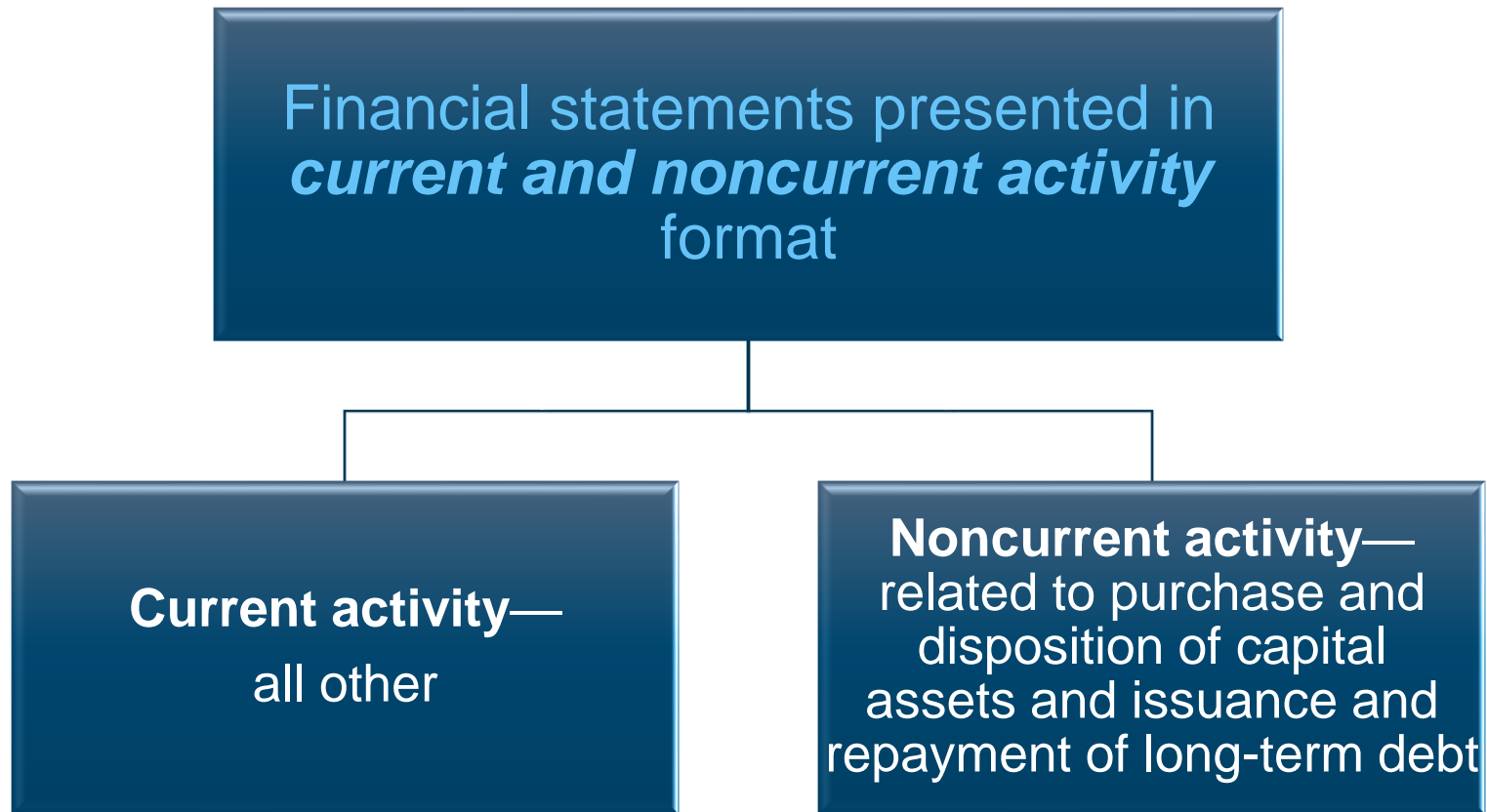
generally is when a party to the transaction takes an action that results in the initial recognition of an asset or liability

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### Conclusion

generally is when the final payment of cash or other financial assets is due according to the terms of the binding arrangement (or estimated payments)

# Proposal: Presentation of Governmental Funds





# Proposed Statement of Short-Term Financial Resource Flows

|  | General Fund  | Special Tax Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------|------------------|--------------------------|--------------------------|
| <b>INFLOWS OF SHORT-TERM FINANCIAL RESOURCES FOR CURRENT ACTIVITIES</b>      |               |                  |                          |                          |
| Taxes:   |               |                  |                          |                          |
| Property tax   | \$ 20,322,167 | \$ 5,311,156     | \$ 2,015,047             | \$ 27,648,370            |
| Sales tax  | 45,034,789    | -                | 4,430,774                | 49,465,563               |
| Use tax  | 3,586,753     | -                | -                        | 3,586,753                |
| Motor fuel tax   | -             | -                | 2,889,647                | 2,889,647                |
| Other taxes  | 3,975,895     | -                | 2,698,909                | 6,674,804                |
| Payments in lieu of taxes  | 2,721,420     | -                | -                        | 2,721,420                |
| Special assessments  | -             | -                | 41,500                   | 41,500                   |
| Licenses and permits   | 1,303,889     | -                | -                        | 1,303,889                |
| Fees for services  | 7,052,692     | -                | 202,273                  | 7,254,965                |
| Franchise fees   | 1,968,522     | -                | -                        | 1,968,522                |
| Fines and citations  | 1,476,364     | -                | -                        | 1,476,364                |
| Intergovernmental  | 14,595,019    | -                | 6,192,493                | 20,787,512               |
| Investment earnings  | 5,829         | 11,384           | 119,043                  | 136,256                  |
| Transfers in   | 500,000       | -                | 155,204                  | 655,204                  |
| Miscellaneous  | 4,216,940     | 654,482          | 771,287                  | 5,642,709                |
| Total inflows of short-term financial resources for current activities       | 106,760,279   | 5,977,022        | 19,516,177               | 132,253,478              |
| <b>OUTFLOWS OF SHORT-TERM FINANCIAL RESOURCES FOR CURRENT ACTIVITIES</b>     |               |                  |                          |                          |
| General government   | 14,053,444    | 6,961,201        | 2,213,691                | 23,228,336               |
| Public health and safety   | 70,880,913    | -                | 590,383                  | 71,471,296               |
| Highway and streets  | 12,137,714    | -                | 4,715,808                | 16,853,522               |
| Culture and recreation   | 3,581,583     | 335,659          | 1,808,065                | 5,725,307                |
| Economic development   | 496,141       | -                | 3,374,045                | 3,870,186                |
| Transfers out  | 155,204       | -                | 500,000                  | 655,204                  |
| Total outflows of short-term financial resources for current activities      | 101,304,999   | 7,296,860        | 13,201,992               | 121,803,851              |
| Net flows of short-term financial resources for current activities           | 5,455,280     | (1,319,838)      | 6,314,185                | 10,449,627               |
| <b>NET FLOWS OF SHORT-TERM FINANCIAL RESOURCES FOR NONCURRENT ACTIVITIES</b> |               |                  |                          |                          |
| Transfers in   | -             | -                | 10,651,605               | 10,651,605               |
| Debt service   | (2,434,544)   | (366,412)        | (9,198,505)              | (11,999,461)             |
| Capital outlay   | (111,987)     | (1,515)          | (1,346,497)              | (1,459,999)              |
| Transfers out  | (7,680,875)   | (6,445)          | (2,420,900)              | (10,108,220)             |
| Net flows of short-term financial resources for noncurrent activities        | (10,227,406)  | (374,372)        | (2,314,297)              | (12,916,075)             |
| Net change in short-term financial resources fund balances                   | (4,772,126)   | (1,694,210)      | 3,999,888                | (2,466,448)              |
| Short-term financial resources fund balances at beginning of year            | 9,319,621     | 9,776,474        | 27,892,592               | 46,988,687               |
| Short-term financial resources fund balances at end of year                  | \$ 4,547,495  | \$ 8,082,264     | \$ 31,892,480            | \$ 44,522,239            |

Current and Noncurrent Activity Format

# Proposals: Proprietary Funds

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

# Proposals: Proprietary Funds (cont.)

## Subsidies

- Resources received from another party or fund to keep rates lower than otherwise would be necessary to support the level of goods and services to be provided
- Resources provided to another party or fund that results in higher rates than otherwise would be established for the level of goods and services to be provided

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

|  | 2016                | 2015                |
|--|---------------------|---------------------|
| Operating revenues:                              |                     |                     |
| Tuition and fees (net of discounts)              | \$ 574,168          | \$ 525,791          |
| Grants and contracts                             | 292,962             | 278,481             |
| Sales and services                               | 271,345             | 272,244             |
| Other operating revenues                         | 7,868               | 14,861              |
| Total operating revenues                         | <u>1,146,343</u>    | <u>1,091,377</u>    |
| Operating expenses:                              |                     |                     |
| [Natural or functional expenses]                 |                     |                     |
| Total operating expenses                         | <u>1,681,544</u>    | <u>1,596,059</u>    |
| Income (loss) generated by operations            | <u>(535,201)</u>    | <u>(504,682)</u>    |
| Noncapital subsidies:                            |                     |                     |
| Appropriations                                   | 407,702             | 394,767             |
| Taxes  | 8,026               | 7,660               |
| Grants   | 42,978              | 37,567              |
| Gifts  | 99,395              | 90,063              |
| Total noncapital subsidies                       | <u>558,101</u>      | <u>530,057</u>      |
| Operating income (loss) and noncapital subsidies | <u>22,900</u>       | <u>25,375</u>       |
| Financing and investing activities:              |                     |                     |
| Investment income                                | 235,820             | 138,649             |
| Interest expense                                 | (12,412)            | (12,853)            |
| Loss from the disposition of capital assets      | (2,385)             | 518                 |
| Total financing and investing activities         | <u>221,023</u>      | <u>126,314</u>      |
| Income before other items                        | <u>243,923</u>      | <u>151,689</u>      |
| Other items:                                     |                     |                     |
| Capital contributions                            | <u>23,231</u>       | <u>74,830</u>       |
| Increase (decrease) in net position              | 267,154             | 226,519             |
| Net position—beginning                           | 3,061,111           | 2,834,592           |
| Net position—ending                              | <u>\$ 3,328,265</u> | <u>\$ 3,061,111</u> |

# Proposals: Management's discussion and analysis

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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” (as in Concepts Statement 1, paragraph 63)

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Add clarification and structure to the requirement for brief discussion of the basic financial statements, including their relationships and significant differences

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Emphasize the level of thoroughness required for the analysis of year-to-year changes and the need to avoid unnecessary duplication

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Amend the requirements for currently known facts, decisions, or conditions with examples, such as economic trends; subsequent year's budget; actions government has taken on postemployment benefits, capital improvement plans, and long-term debt; actions other parties have taken that affect the government

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Move budgetary analysis and discussion of infrastructure assets (if applicable) to the relevant parts of RSI

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# Other Proposals

## 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

# Other Proposals (continued)

## 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

# Proposed Effective Dates

**Based on total annual revenues in fiscal year beginning after June 15, 2022**

**\$75 million or more**

Apply in fiscal years  
beginning after June  
15, 2024

**Less than \$75 million**

Apply in fiscal years  
beginning after June  
15, 2025



# Project Timeline

|                                   |   |
|-----------------------------------|---|
| Pre-Agenda Research Started       | April 2013  |
| Added to Current Technical Agenda | September 2015  |
| Invitation to Comment Issued      | December 2016   |
| Preliminary Views Issued          | September 2018  |
| Exposure Draft Approved           | June 2020   |
| Comment Deadline                  | February 26, 2021   |
| Public Hearings                   | March 23, 30 & 31, 2021<br>April 8, 13, 14, 20 & 21, 2021 |
| User Forums                       | April 9 & 15, 2021  |
| Final Statement Expected          | May 2022  |

# Revenue and Expense Recognition

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# Revenue and Expense Recognition

## What?

The Board 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?

Comment deadline was February 26, 2021

Public hearings and user forums in March and April 2021

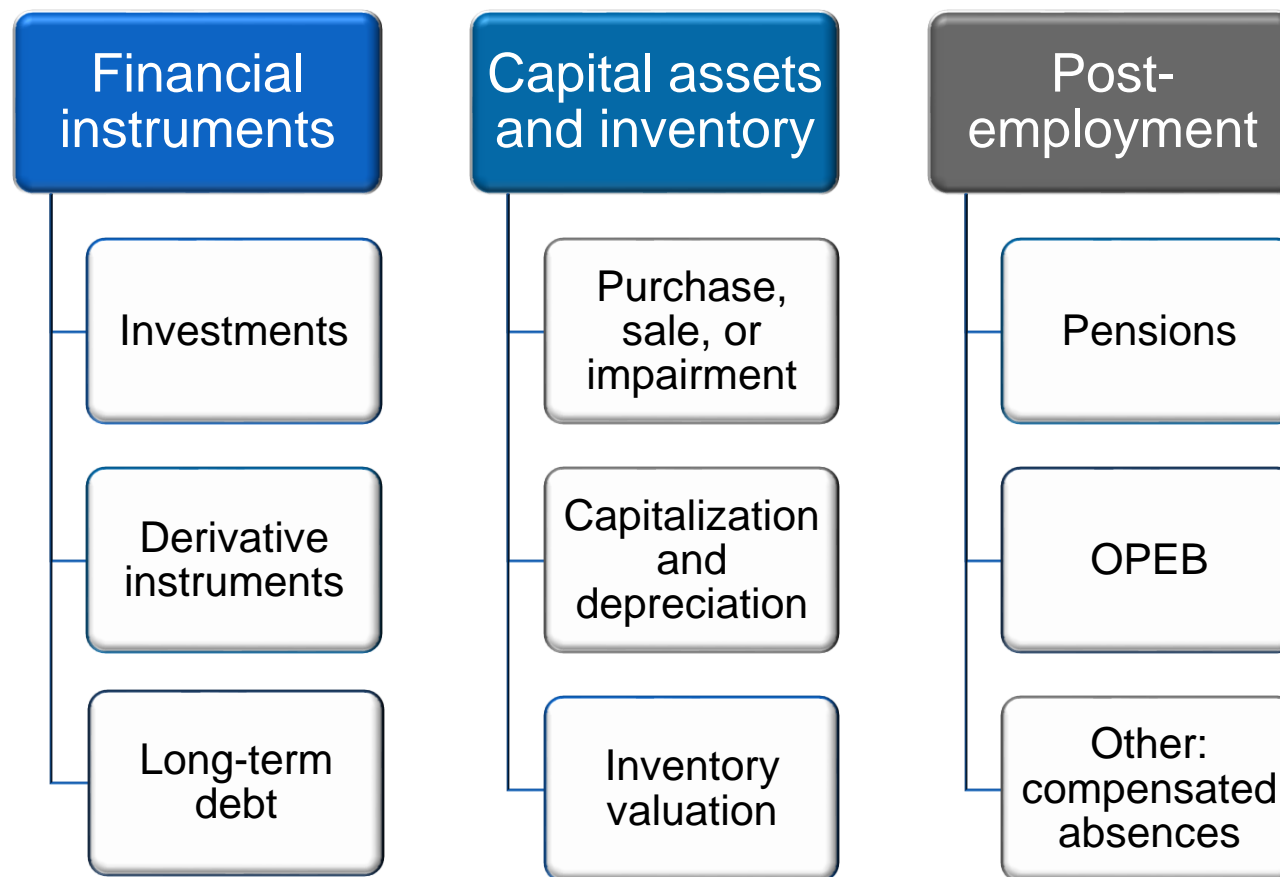
# Broad Project Objective

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

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

# Scope of the Project

- The scope is defined broadly to include revenues and expenses except for those ***explicitly excluded***:



# Proposed Recognition Model Components

## ***Categorization***

Identify the *type* of transaction



## ***Recognition***

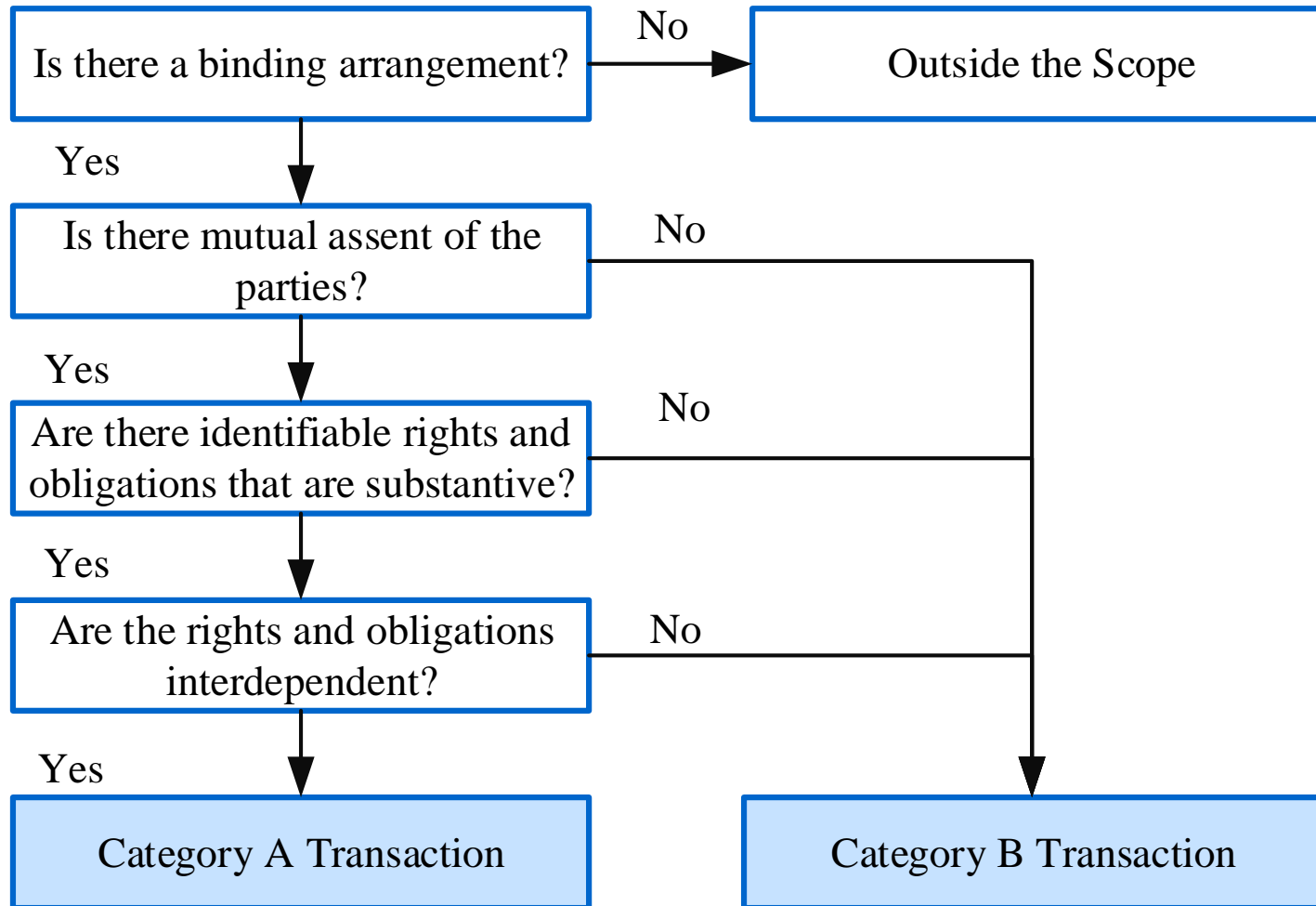
Determine *what* element should be reported and *when*



## ***Measurement***

Determine the *amount* to report

# Proposed Categorization Methodology



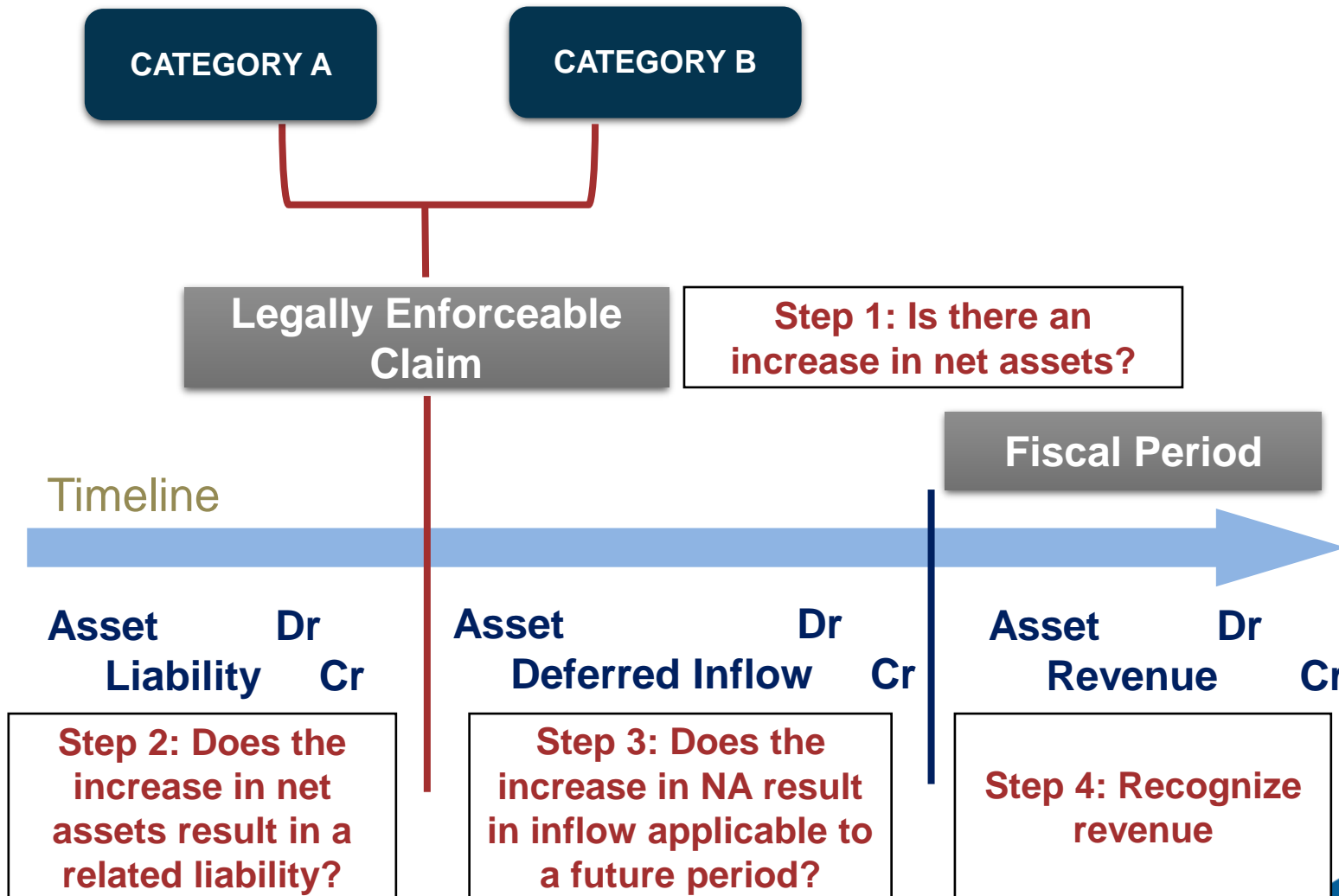
# Outcomes of the Proposed Model \*

| Category A                                  | Category B   |
|---|--|
| Fees for service (water, electric, garbage) | Taxes (property tax, income tax, sales tax)  |
| Eligibility-based grants                    | Punitive fees  |
| Research grants and revolving loans         | Special assessments  |
| Medicaid fees for services                  | Donations  |
| Tuition fees                                | Regulatory fees (drivers licenses, building permits, marriage licenses, professional licenses) |
| Most expenses                               | Purpose-restricted grants  |
|   | Capital fees (developer fees, PFCs)  |
|   | Medicaid supplementary payments  |

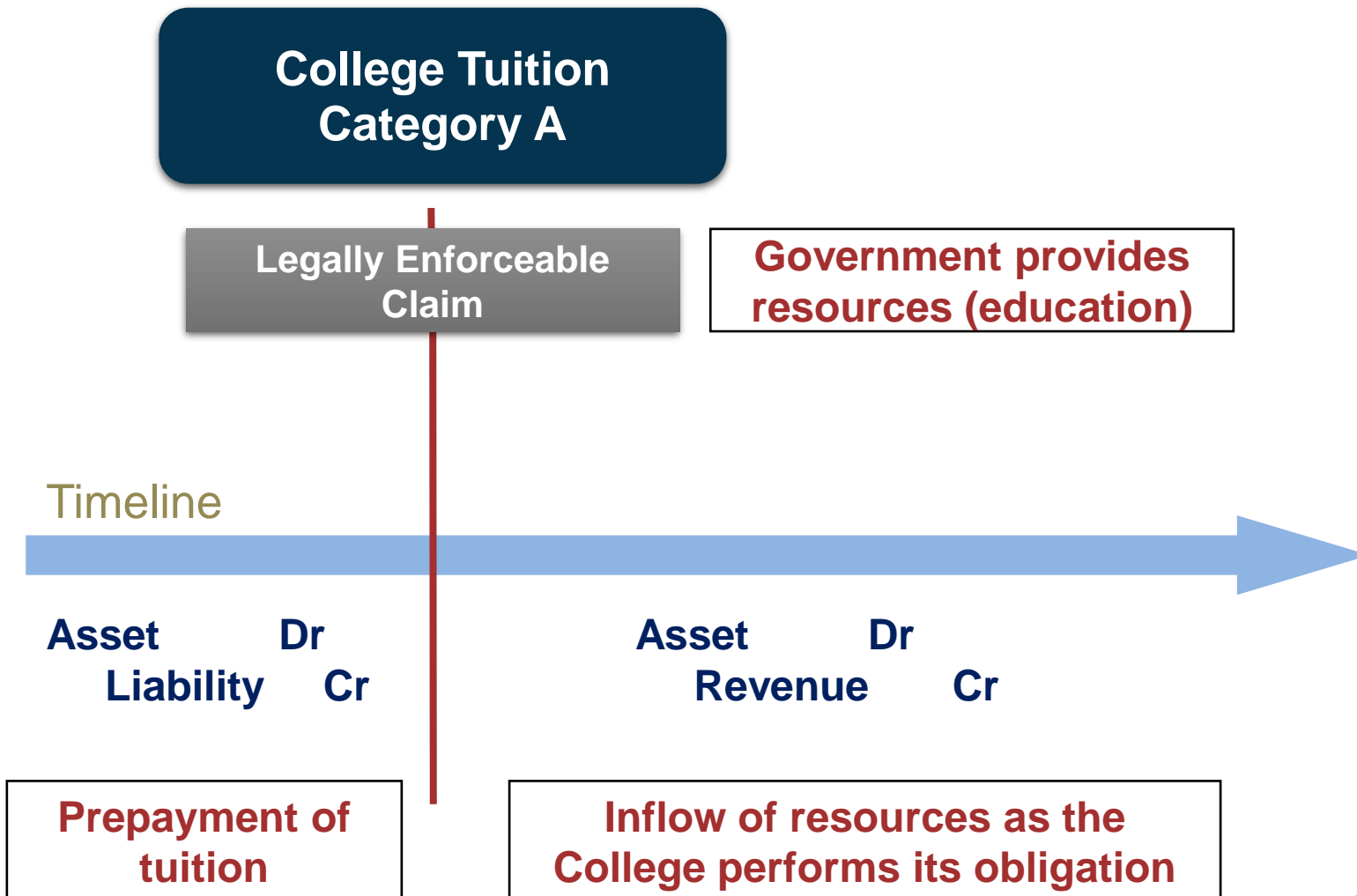
\* Transactions highlighted in blue would have different outcomes than under current literature



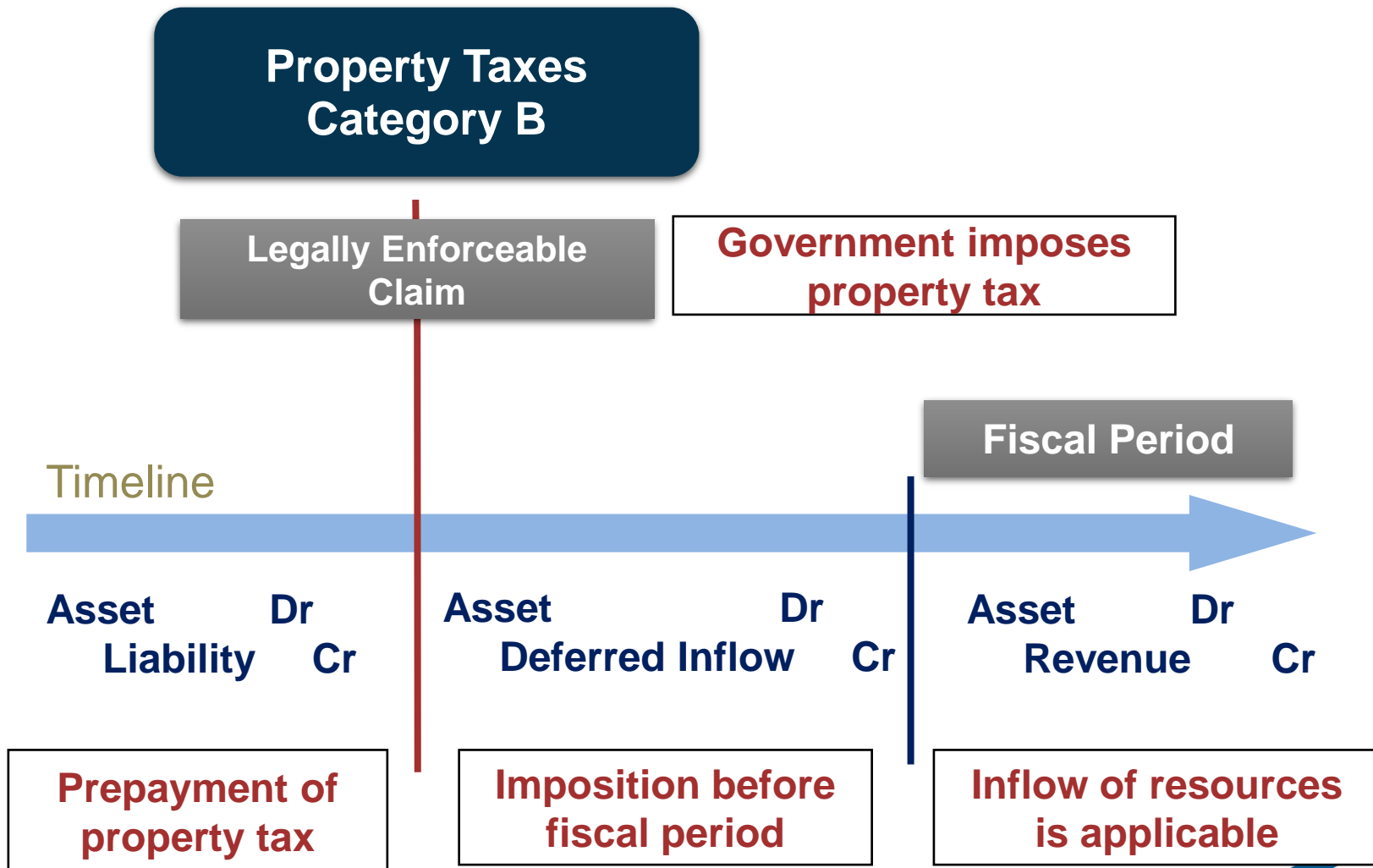
# Proposed Revenue Recognition Principles



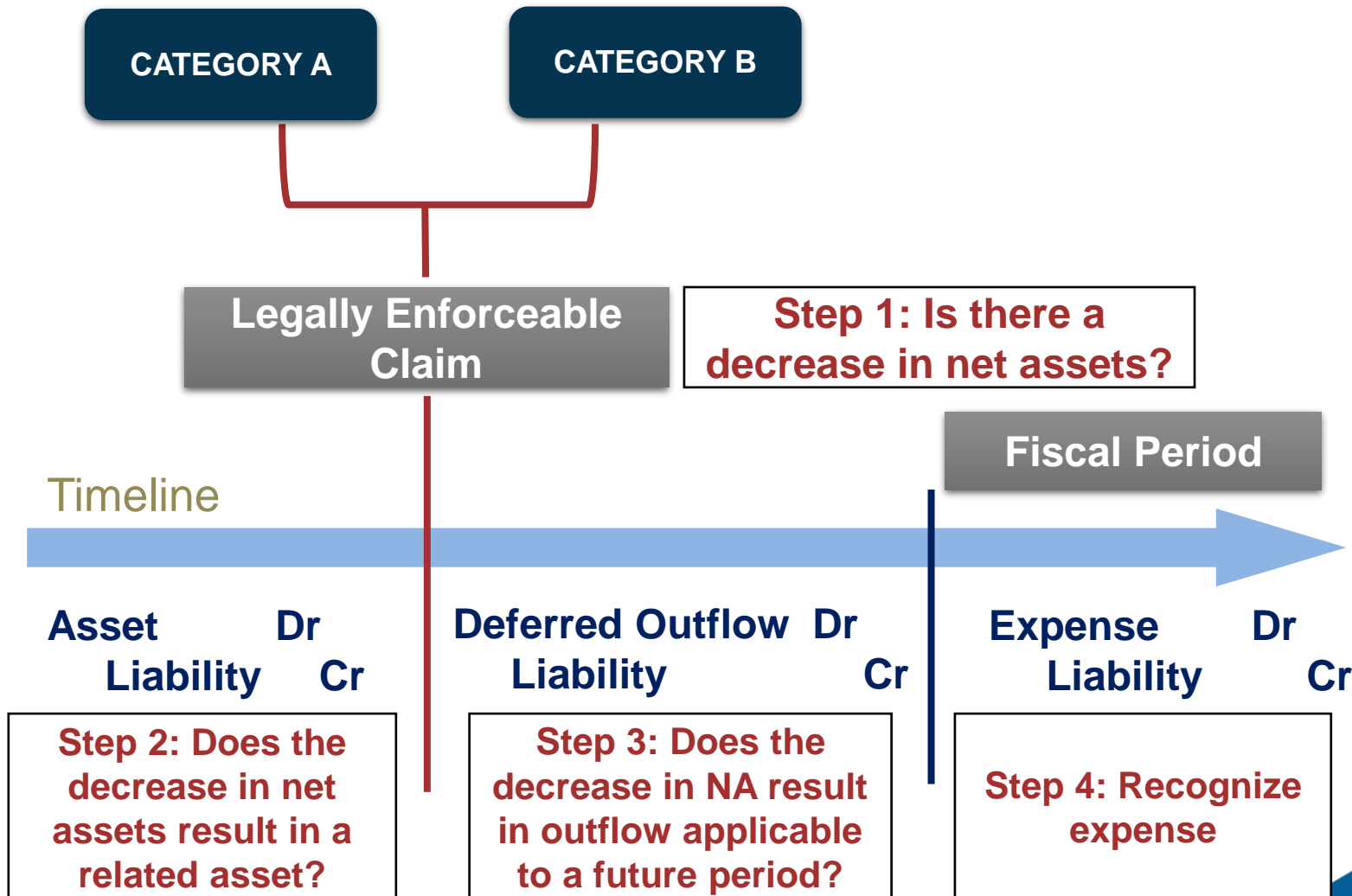
# Category A Revenue Recognition Example



# Category B Revenue Recognition Example



# Proposed Expense Recognition Principles



# Category A Expense Recognition Examples

A performance obligation is satisfied when there is a transfer of control of resources

City orders supplies

Expense is recognized as the city receives the supplies

School district hires CPA

Expense is recognized as the CPA firm carries out the expected work, such as an audit

Public utility employees

Expenses for wages are recognized as the employees perform services over time

# Category B Expense Recognition Examples

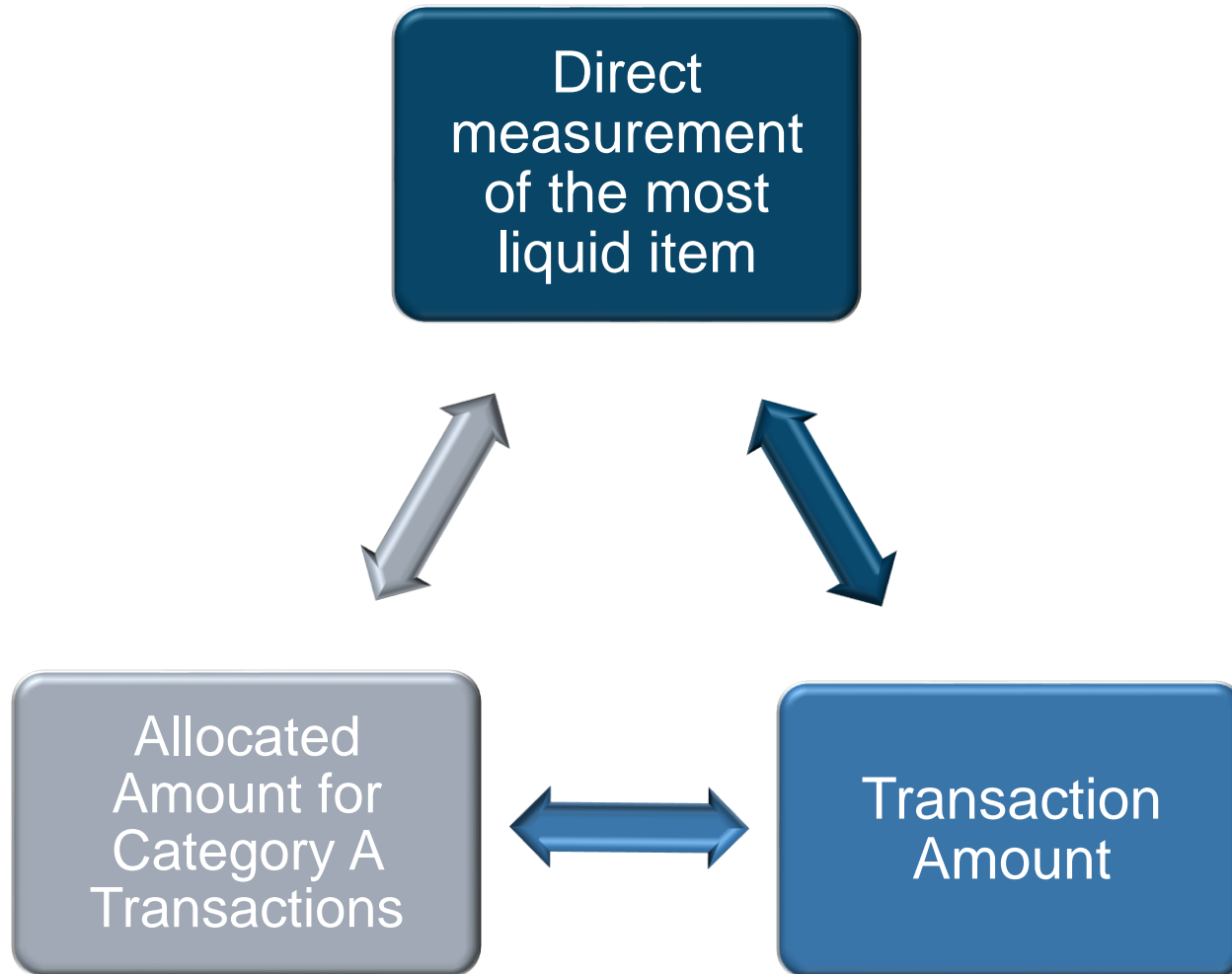
Expense is recognized at the same time as the *payable*, unless there are time requirements

Contractual arrangements

Shared revenue (outflows)

General aid (outflows)

# Proposed Measurement Principles



# Project Timeline

|                                   |   |
|-----------------------------------|---|
| Pre-Agenda Research Started       | September 2015  |
| Added to Current Technical Agenda | April 2016  |
| Invitation to Comment Cleared     | January 23, 2018  |
| Preliminary Views Approved        | June 2020   |
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| User Forums                       | April 9 & 15, 2021  |
| Exposure Draft Expected           | June 2023   |



# Risks and Uncertainties Disclosures

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# Risks and Uncertainties Disclosures

## What?

The Board added a practice issue project to identify potential risks and uncertainties in the government environment and consider developing related disclosure requirements

## Why?

Ongoing financial and economic issues related to coronavirus diseases prompted stakeholders to ask the GASB to consider what governments should report about the risks and uncertainties they face

## When?

Deliberations began in September 2020

# Topics Considered

What information do users need regarding disclosures of risks and uncertainties that State and Local Governments face?

How can information about risks and uncertainties be disclosed with essential specificity rather than boiler plate discussions?

What is the basis for determining whether a government should disclose a risk or uncertainty?

How can guidance be developed to emphasize that disclosures of risks and uncertainties should not include predictions of the future or projections?

How do risks and uncertainties relate to severe financial stress or going concern considerations?

# Project Developments

Scope of the project is defined by the identification of specific categories of risks and uncertainties disclosures

Each category is subject to certain limitations further narrowing the scope: **Degree of Likelihood, Degree of Impact, Time Frame**

**Current Vulnerabilities Due to Certain Concentrations:** A risk to the government based on a current condition creates a lack of (1) diversity related to an aspect of a significant revenue or (2) flexibility in managing a significant expense

**Government Environment:** A risk to the government based on a current condition common in the government environment (though not necessarily limited to governments) that creates a limitation on acquiring resources or controlling spending

The disclosure objective is to provide essential information to users of government financial reports about risks faced by those governments that may impact the government's ability to continue to provide services and meet its obligations as they come due.

# Project Timeline

|                                   |                     |
|-----------------------------------|---------------------|
| Added to Current Technical Agenda | July 2020           |
| Deliberations Began               | September 2020      |
| Additional Outreach Conducted     | February–April 2021 |
| Deliberations Continue            | May 2021            |
| Exposure Draft                    | February 2022       |

# Pre-Agenda Research Activities

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# Capital Assets

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# Capital Assets

## What?

The GASB is evaluating existing guidance related to capital assets and the usefulness of information reported by governments

## Why?

Stakeholders have asked the GASB to review various aspects of capital asset reporting; the most relevant standards have been in effect 15-20 years

## When?

The Board added the pre-agenda research in August 2019



# Topics to Be Considered

What choices do governments make with respect to their capital asset-related accounting policies? Why do they select those policies?

How do governments determine when outflows enhance the service capacity or extend the useful life of an asset?

How do governments report exchanges of capital assets?

How do depreciation and estimated useful lives compare with the actual diminution of service capacity?

What has been the experience with the modified approach to reporting infrastructure? How has it affected comparability of statement information?

Should changes in the condition of capital assets be reflected as flows of resources in the financial statements? How would it be measured?

What information do governments collect and report about deferred maintenance? How is it estimated?

# Going Concern Disclosures: Reexamination of Statement 56

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# Going Concern Disclosures

## What?

The GASB is reviewing existing standards related to going concern considerations, which were incorporated into GASB literature mostly as-is from the AICPA literature in Statement 56

## Why?

As it is currently defined, going concern may not be meaningful for governments, which hardly ever go out of business; AICPA and others have asked the GASB to examine the issue

## When?

The Board added the pre-agenda research in April 2015

# Topics to Be Considered

Are the current going concern indicators presented in note disclosures appropriate for state and local governments, in light of the fact that, even under severe financial stress, few governments cease to operate even when encountering such indicators?

What other criteria might better achieve the objective of disclosing severe financial stress uncertainties with respect to governments?

What information do financial statement users need with respect to the disclosure of severe financial stress uncertainties?

# Interim Financial Reporting

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# Interim Financial Reporting

## What?

The GASB is assessing the need for guidance on how to report on a GAAP basis for periods of less than a year

## Why?

There is no guidance in the GASB literature for preparing interim financial statements

## When?

The Board added the pre-agenda research in August 2019

# Topics to Be Considered

What is current practice with respect to interim financial reporting?

Do interim GAAP financial reports of general purpose or business-type governments provide users with valuable information?

Should specific recognition and measurement standards be developed for interim GAAP reporting?

Should separate reporting entity standards be developed for interim GAAP reporting?

# Questions?

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