GASB Update

National Association of State Auditors, Comptrollers and Treasurers

The views expressed in this presentation are those of Chairman Black and the GASB staff. Official positions of the GASB are reached only after extensive due process and deliberations.
Attendance Code
How Is GASB Responding to the Crisis?
Postponement of the Effective Dates of Certain Authoritative Guidance

Statement 95
Postponed Provisions Include:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 87, Leases
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2019-2, Fiduciary Activities
- Implementation Guide No. 2019-3, Leases
Effective Dates—June 30

2021

- Statement 84—Fiduciary Activities
- Statement 90—Majority Equity Interests
- Statement 93—Replacement of Interbank Offered Rate
- Implementation Guide 2019-1—Update
- Implementation Guide 2019-2—Fiduciary Activities

2022

- Statement 87—Leases
- Statement 89—Interest Cost Incurred before the End of a Construction Period
- Statement 92—Omnibus 2020 (multiple effective dates)
- Statement 97—CCUC and Section 457 Plans
- Implementation Guide 2019-3—Leases
- Implementation Guide 2020-1—Update

2023

- Statement 91—Conduit Debt
- Statement 94—Public Private Partnerships
- Statement 96—Subscription-Based IT Arrangements
Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases

Technical Bulletin 2020-1
Topics Addressed

- Whether resources received from the Coronavirus Relief Fund (CRF) are subject to eligibility requirements or to purpose restrictions and how they should be accounted for
- Whether CARES Act provisions that addresses a government’s loss of revenue should be considered an eligibility requirement, for purposes of revenue recognition
- Whether amendments to the CARES Act after the statement of net position date but prior to the issuance of financial statements are the basis for recognition in financial statements for the period reported
Topics Addressed (continued)

- How to account for forgivable loans under the Paycheck Protection Program
- Whether resources provided through certain programs to a business-type activity or enterprise fund are nonoperating revenues
- Whether outflows incurred in response to the coronavirus are extraordinary items or special items for financial reporting purposes
Other Efforts

- Technical inquiries
  - CARES Act

- Website
  - Toolbox
  - Breaking news
Attendance Code
Fiduciary Activities

Statement 84
When Should a Government Report Assets in a Fiduciary Fund?

Four paths to making this determination:

1. Are the assets held by a component unit?
   - Yes
   - No
     - Are the assets held for a pension or OPEB arrangement?
       - Yes
         - Yes
           - 1
         - No
           - 2
       - No
         - Yes
           - 3
         - No
           - 4
When Is There a Component Unit?

Legally separate?
- Yes
  - Voting majority?
    - Yes
      - Financial benefit/burden or imposition of will?
        - Yes
          - Component Unit
        - No
          - Fiscal dependency and financial benefit/burden?
            - Yes
              - Component Unit
            - No
              - Not a component unit
    - No
      - Not a component unit
- No
  - Not a component unit
Paragraph 7 of Statement 84 amended Statement 14 to indicate that a primary government is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to a pension plan or OPEB plan.

Implementation Guide 2019-2 provided guidance that in the absence of a governing board, a government performing the duties of a governing board for a defined contribution (DC) plan that is administered through a trust that meets the criteria in Statement 67 is effectively the same as appointment of a voting majority.
The implication of that existing and considered guidance is that many governments would be required to report DC plans and other employee benefit plans as component units in their fiduciary fund financial statements.

Additional outreach was conducted on the structure of those types of arrangements and user needs for information about them.

Based on the outreach, the Board decided to issue guidance on component units and combine the project with the existing project on Section 457 Deferred Compensation Plans.
Implications of Statement 97

For purposes of determining whether a primary government is financially accountable, the absence of a governing board (when the government is perform the duties a governing board normally would perform) should be treated the same as the appointment of a voting majority of a governing board, except for DC pension plans, DC OPEB plans, or other employee benefit plans.

The criterion that a legal obligation to contribute (or otherwise assuming the obligation) is considered to be a financial burden applies only to defined benefit plans.
Component Units That Are Postemployment Benefit Arrangements Are Fiduciary if…

They are one of the following arrangements:

1. Pension plan administered through a trust that meets criteria
2. OPEB plan administered through a trust that meets criteria
3. Assets from entities not part of the reporting entity accumulated for pensions
4. Assets from entities not part of the reporting entity accumulated for OPEB
Other Component Units Are Fiduciary if...

They have one or more of the following characteristics:

- **Assets are:**
  - Administered through a trust in which government is *not* a beneficiary
  - Dedicated to providing benefits, AND
  - Legally protected from the creditors of government

- **Assets are for the benefit of individuals**
  - Assets are *not* derived from government’s provision of goods or services to the individuals AND
  - Government does *not* have administrative involvement or direct financial involvement w/ the assets

- **Assets are for the benefit of organizations/governments not part of the reporting entity AND**
  - Assets are *not* derived from government’s provision of goods or services to them
Postemployment Benefit Arrangements That Are Not Component Units Are Fiduciary if...

- Arrangement is one of those in 1 AND
- The government **controls** the assets of the arrangement
  - (control will be explained in two slides)
All Other Activities Are Fiduciary if...

Arrangement meets one or more of the criteria in 2

and

The government controls the assets

and

Those assets are not derived either:

• Solely from the government’s own-source revenues, or
• From grants, with the exception of pass-through grants for which the government does not have administrative or direct financial involvement
Control of Assets

- Control means one or both of the following is true:

  • Government *holds* the assets

  • Government has ability to *direct* the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended beneficiaries
## Fiduciary Fund Classes

<table>
<thead>
<tr>
<th>Pension and other employee benefit trust fund</th>
<th>Investment trust fund</th>
<th>Private-purpose trust fund</th>
<th>Custodial fund</th>
</tr>
</thead>
</table>

Trust agreement or equivalent arrangement should be present
Statement of Changes in Fiduciary Net Position

All fiduciary funds should be included in the statement of changes in fiduciary net position.

Additions should be disaggregated* by source and, if applicable, separately display investment earnings, investment costs, and net investment earnings.

Deductions should be disaggregated* by type and, if applicable, separately display administrative costs.

*Disaggregation requirement applies to all fiduciary funds except custodial funds held for three months or less.

For those custodial funds, governments may report total additions and total deductions in the aggregate, as long as the descriptions of the totals are sufficient to indicate the nature of the resource flows.
Implementation Guide 2019-2

52 questions and answers, including:

• Classifying fiduciary activities
• Applying the criteria for control and own-source revenues
• Applying the clarified definitions of fund classes, including determining eligibility for the custodial fund exception for BTAs
• Fiduciary fund financial statements, including the determining eligibility for the exception to disaggregating certain additions and deductions
• Reporting fiduciary component units

Revisions to 3 existing questions and answers
Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

Statement 97
Additional Requirements Related to Section 457 Plans

Section 457 plans that meet the definition of a pension plan should apply all the requirements are relevant to pension plan reporting.

All requirements relevant to pensions should be applied by employers to benefits provided through Section 457 plans that meet the definition of a pension plan.

Investments should be valued as of the end of the reporting period (allowance to use the most recent report of the plan administrator is eliminated).
Leases
Statement 87

Public-Private and Public-Public Partnerships and Availability Payment Arrangements
Statement 94

Subscription-Based Information Technology Arrangements
Statement 96
Implementation Guidance

  - 77 questions and answers (authoritative)
  - 3 illustrations (nonauthoritative)

  - 12 questions and answers about Statement 87 (authoritative)
Definitions

**Lease** - a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.

**P3** - arrangement in which a government (the transferor) contracts with an operator [governmental or nongovernmental] to provide public services by conveying control of the right to operate a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

**SBITA** - a contract that conveys control of the right to use another party’s (a SBITA vendor’s) IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction.
Relationship between Leases and P3

- Meets both lease and P3 definitions
  - Meets SCA
    - Statement 94 SCA guidance
  - Does not meet SCA
    - Underlying PPP assets not existing assets of transferor
    - Improvements required to be made by operator
      - Statement 94 P3 guidance
    - Underlying PPP assets existing assets of transferor
      - Improvements not required to be made by operator
      - Statement 87
Relationship between Leases and SBITAs

- All SBITAs meet definition of lease
- Depends on what the underlying asset is:
  - Tangible capital assets alone – Statement 87
  - IT software alone – Statement 96
  - IT software in combination with tangible capital assets:
    • Software component is insignificant compared to cost of underlying tangible capital asset – Statement 87
    • Otherwise – Statement 96
- Also excluded from Statement 96:
  - Governments acting as SBITA vendors
  - Contracts that meet the definition of a P3 in Statement 94
  - Perpetual software licenses
Topics That Are The Same

- **Lease/PPP/Subscription Term**
  - Noncancellable period plus certain optional periods
    - One party has option - reasonably certain will extend or not cancel
  - Excludes cancellable periods – both parties can cancel

- **Short-Term Lease/SBITA**
  - Maximum possible term of 12 months or less
    - Includes all one-party options to extend
    - Excludes cancellable periods
  - Recognize expense/expenditure or revenue based on contract
Topics That Are The Same

- General recognition and measurement
  - Intangible right-to-use asset and liability (lessee/operator/SBITA)
  - Receivable and deferred inflow of resources (lessor/transferor)
- Contracts with multiple components
- Modifications and terminations
Topics Unique to Statement 94

- Service Concession Arrangements
  - Retained definition from Statement 60
    - Except for public services do not have to relate to primary function of underlying asset
  - Retained general approach from Statement 60
Topics Unique to Statement 94

- New or Improved Underlying PPP Assets
  - Transferor:
    - SCA – recognize at acquisition value when placed in service
    - Not SCA – recognize receivable at operator’s estimated carrying value at date of future transfer and additional deferred inflow
  - Operator:
    - SCA – recognize intangible right-to-use asset
    - Not SCA – recognize deferred outflow and liability for future transfer
Topics Unique to Statement 94

- Availability Payment Arrangements
  - Government contracts with another entity to operate or maintain the government’s nonfinancial asset
  - Entity receives payments from the government based on the asset’s availability for use
  - Asset’s availability may be based on the physical condition of the asset or the achievement of certain performance measures
  - May include design, finance, construction, or service components
    - Design, construction, financing components and ownership transfers – financed purchase
    - Service components – outflows of the period
Topics Unique to Statement 96

- Implementation Costs
  - Preliminary project stage
    • Expense
  - Initial implementation stage
    • Generally capitalize
    • Expense if short-term SBITA
  - Operation and additional implementation stage
    • Generally expense
    • Capitalize if specific criteria met
  - Training costs always expensed
Topics Unique to Statement 96

- **Subscription Term**
  - Commences when initial implementation stage is completed
  - No subscription liability or subscription asset until then
  - Payments made before are prepayment until commencement

- **Multiple Modules**
  - Subscription term begins when first module (or set of interdependent modules) is implemented
## Effective Dates

<table>
<thead>
<tr>
<th>Pronouncement</th>
<th>Beginning After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement 87</td>
<td>June 15, 2021*</td>
</tr>
<tr>
<td>Statement 94</td>
<td>June 15, 2022**</td>
</tr>
<tr>
<td>Statement 96</td>
<td>June 15, 2022*</td>
</tr>
<tr>
<td>Implementation Guide 2019-3</td>
<td>June 15, 2021*</td>
</tr>
<tr>
<td>Implementation Guide 2020-1 (Statement 87 questions)</td>
<td>December 15, 2021*</td>
</tr>
</tbody>
</table>

* Fiscal years beginning after this date, and all reporting periods thereafter

** Reporting periods beginning after this date
Attendance Code
Financial Reporting Model Improvements
Exposure Draft: Financial Reporting Model Improvements

- Governmental funds
  - Short-term financial resources measurement focus and accrual basis of accounting
  - Presentation
- Management’s discussion and analysis
- Unusual or infrequent items
- Proprietary fund presentation
- Budgetary comparison reporting
- Effective date
- Due process planned
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

**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

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

**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).
Recognition in Governmental Funds

**Assets**
- Assets include those from *short-term transactions* as they occur
- Assets arising from *long-term transactions* are recognized when payments are due
- Includes:
  - Investments
  - Prepaid items
  - Inventory

**Liabilities**
- Liabilities arising from *short-term transactions* that are payable at year end as they occur
- Liabilities arising from *long-term transactions* are recognized when payments become due
- Except for *long-term debt issued for short-term purposes*, which is recognized as a short-term transaction
### Recognition in Governmental Funds

#### Inflows of Resources
- Inflows of resources from **short-term transactions** (such as tax levies, grants, and changes in fair value of investments) as the transactions occur
- Inflows of resources from **long-term transactions** as payments are due except for long-term debt issued for short-term purposes
- Includes on-behalf payments for fringe benefits and salaries and direct vendor financing (leases)

#### Outflows of Resources
- Outflows of resources from **short-term transactions** (such as use of goods and services and acquisition of capital assets) as the transactions occur
- Outflows of resources from **long-term transactions** are recognized when payments become due except for long-term debt issued for short-term purposes
- Includes on-behalf payments for fringe benefits and salaries and direct vendor financing (leases)
Recognition in Governmental Funds

**Deferred Outflows of Resources and Deferred Inflows of Resources**

- Recognized for both short-term and long-term transactions and other events when the outflow (or inflow) of resources is *applicable to a future reporting period*

- Limited to circumstances identified by the GASB

- Example: a tax imposed for a subsequent reporting period
# Recognition Example—Investments in Permanent Fund

**Beginning of year balance:** $18,400,000  
**No maturities or purchases of investments**  
**Change in fair value of $100,000**  
**End of year balance:** $18,500,000

<table>
<thead>
<tr>
<th>Recognition Approach</th>
<th>Balance Sheet</th>
<th>Resource Flows Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current financial resources</td>
<td>Investments of $18,500,000</td>
<td>Inflows of resources of $100,000</td>
</tr>
<tr>
<td>Short-term financial resources</td>
<td>Investments of $18,500,000</td>
<td>Inflows of resources of $100,000</td>
</tr>
</tbody>
</table>
Recognition Example—Property Taxes

Beginning of year balance: $5,000
$10,500,00 of property taxes are imposed Jan 1, half due Feb 1, half due Aug
$10,485,000 collected during the year
End of year balance: $20,000

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Current financial resources</td>
<td>Taxes receivable of $20,000</td>
<td>Inflows of resources of $10,500,000</td>
</tr>
<tr>
<td>Short-term financial resources</td>
<td>Taxes receivable of $20,000</td>
<td>Inflows of resources of $10,500,000</td>
</tr>
</tbody>
</table>
## Recognition Example—Prepaid Items

<table>
<thead>
<tr>
<th>Recognition Approach</th>
<th>Balance Sheet</th>
<th>Resource Flows Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current financial resources</td>
<td>Prepaid item and nonspendable fund balance of $13,800</td>
<td>Outflows of resources of $52,000</td>
</tr>
<tr>
<td>Short-term financial resources</td>
<td>Prepaid item of $13,800</td>
<td>Outflows of resources of $52,000</td>
</tr>
</tbody>
</table>

Beginning of year balance: $5,800  
Consumption of prepaid items during year: $60,000  
End of year balance: $13,800
## Recognition Example—Notes Receivable Related to Lending

### Beginning of year balance: $4,387,776
Collected/matured during year: $645,000
End of year balance: $3,742,776

<table>
<thead>
<tr>
<th>Recognition Approach</th>
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<th>Resource Flows Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current financial resources</td>
<td>Notes receivable and nonspendable fund balance of $3,742,776</td>
<td>No amounts recognized</td>
</tr>
<tr>
<td>Short-term financial resources</td>
<td>No amounts recognized</td>
<td>Inflow of resources of $645,000</td>
</tr>
</tbody>
</table>
Recognition Example—Accrued Interest on Long-Term Debt

<table>
<thead>
<tr>
<th>Recognition Approach</th>
<th>Balance Sheet</th>
<th>Resource Flows Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current financial resources</td>
<td>No amounts recognized</td>
<td>Debt service expenditures of $2,448,950</td>
</tr>
<tr>
<td>Short-term financial resources</td>
<td>No amounts recognized</td>
<td>Outflows of resources of $2,448,950</td>
</tr>
</tbody>
</table>

Beginning of year balance: $899,750
Accrued during the current year: $2,394,534
Paid during the current year: $2,448,950
End of year balance: $845,334
## Recognition Example—Tax Anticipation Notes Payable

<table>
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<th>Recognition Approach</th>
<th>Balance Sheet</th>
<th>Resource Flows Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current financial resources</td>
<td>Tax anticipation note payable of $4,400,000</td>
<td>No amounts recognized.</td>
</tr>
<tr>
<td>Short-term financial resources</td>
<td>Tax anticipation note payable of $4,400,000</td>
<td>No amounts recognized.</td>
</tr>
</tbody>
</table>
Recognition Example—Postemployment Benefits

Pension plan is funded. Net pension liability is $826,333 at period-end. OPEB plan is pay-as-you-go. Net OPEB liability is $42,785,037 at period-end.

<table>
<thead>
<tr>
<th>Recognition Approach</th>
<th>Pension</th>
<th>OPEB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current financial resources</td>
<td>No liability. No amount normally expected to be liquidated with available expendable resources.</td>
<td>No liability. No amount normally expected to be liquidated with available expendable resources.</td>
</tr>
<tr>
<td>Short-term financial resources</td>
<td>No liability. No amounts due.</td>
<td>No liability. No amounts due.</td>
</tr>
</tbody>
</table>

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**Recognition Example—Bonds Payable**

Beginning of year balance: $33,414,493  
Principal paid during the current year: $8,331,457  
End of year balance: $25,083,036

<table>
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<tr>
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<th>Resource Flows Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current financial resources</td>
<td>No amounts recognized</td>
<td>Expenditures of $8,331,457</td>
</tr>
<tr>
<td>Short-term financial resources</td>
<td>No amounts recognized</td>
<td>Outflows of resources of $8,331,457</td>
</tr>
</tbody>
</table>
Governmental Funds-Presentation

- Current and noncurrent format of resource flows statement
- Current includes all flows other than those that are noncurrent
- Noncurrent resource flows: those related to purchase and disposal of capital assets and issuance and repayment of long-term debt
Management’s Discussion and Analysis

- Broad range of users for MD&A
- Focus on explanation of reasons for changes from year-to-year
- Reduce repetition
- Currently known facts, decisions, or conditions
  - Trends in economic and demographic data
  - Information about subsequent year’s budget
  - Actions government has taken after the end of the period related to post-employment benefits, capital assets, debt
  - Actions others have taken after period end that will affect the government
Unusual or Infrequent Items

- Replaces special and extraordinary items
- Same definitions for unusual and infrequent
- Separate presentation as last flow in resource flows statement
- Disclose program/function or identifiable activity and whether within the control of management
Proprietary Fund Financial Statement Presentation

- Continue separate presentation of operating and nonoperating revenues and expenses

- Operating revenues and expenses are those other than nonoperating

- Nonoperating revenues and expenses include:
  - Subsidies received and provided
  - Revenues and expenses related to financing
  - Resources from the disposal of capital assets and inventory
  - Investment income and expenses
Proprietary Fund Financial Statement Presentation

- Subtotal for *operating income (loss) and noncapital subsidies*
- Subsidies are: resources received from (or provided to) another party or fund to keep rates lower than otherwise would be necessary to support the level of goods and services to be provided
Budgetary Comparison Information

- Presented in required supplementary information
  - Consistent with conceptual framework on methods of communication

- Required variance presentations
  - Final budget and actual amounts
  - Original and final budget
Effective Date

- Based on total annual revenues in first 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
How to Provide Feedback

- Comment letter deadline February 26, 2021

- Tentative public hearings
  - March 23, 2021 in Boise, ID
  - March 30-31, 2021 in Atlanta, GA
  - April 8, 2021 in New York, NY
  - April 13-14, 2021 in Chicago, IL
  - April 20-21, 2021 in San Francisco, CA

- Tentative user forums
  - April 9, 2021 in New York, NY
  - April 15, 2021 in Chicago, IL
Attendance Code
Revenue and Expense Recognition
What is a Revenue and Expense Recognition Model?

**Categorization**
Identify the *type* of transaction

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

**Measurement**
Determining the *amount* to report
Current Guidance on Categorization

**Value:** equal, unequal, essentially equal

**Cost recovery:** how much?

**Benefit:** direct, indirect, exclusive

**Market price:** what proportion?

- Produces inconsistent results
- Subjective assessment
- Influenced by public policy
The Categorization Methodology

Illegal or unenforceable items

- Is there a binding arrangement?  
  *Yes*  
  - Is there mutual assent of the parties?  
    *Yes*  
    - Are there identifiable rights and obligations that are substantive?  
      *Yes*  
      - Are the rights and obligations interdependent?  
        *Yes*  
        - Category A Transaction
  *No*  
  - Outside the Scope

Sales tax, income tax

Donations

- Purpose restricted grants

- Eligibility grants, contracts for services

Category B Transaction
Revenue Recognition Principles

- **CATEGORY A**
- **CATEGORY B**

**Timeline**
- **Step 1**: Legally Enforceable Claim
- **Fiscal Period**
  - **Step 2**: Asset Dr, Liability Cr
  - **Step 3**: Asset Dr, Deferred Inflow Cr
  - **Step 4**: Asset Dr, Revenue Cr
Project Timeline

Field Test – two “tracks:”

1. Sep-Nov for governments with December 31st YE
2. Jan-Mar for governments with June 30th YE
Attendance Code
Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements

Exposure Draft
## Project Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliberations Began</td>
<td>October 2018</td>
</tr>
<tr>
<td>Exposure Draft Issued</td>
<td>February 2020</td>
</tr>
<tr>
<td>Comment Deadline</td>
<td>June 30, 2020</td>
</tr>
<tr>
<td>Public Hearing</td>
<td>July 28, 2020</td>
</tr>
<tr>
<td>Final Concepts Statement Expected</td>
<td>May 2021</td>
</tr>
</tbody>
</table>
Key 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.

Information that has one of the following characteristics is essential:

Characteristic A: Evidence that the information is being utilized in users’ analyses for decision making or assessing accountability.

Characteristic B: Evidence that if the information becomes available, users would modify their analyses for decision making or assessing accountability to incorporate that information.
Other Proposed Concepts

Users of notes to financial statements

Types of information appropriate and not appropriate for notes to financial statements

Reporting units and notes to financial statements

Evaluation of expected benefits and perceived costs
Risks and Uncertainties Disclosures
Risks and Uncertainties Disclosures

What?
The Board is evaluating whether note disclosures for risks and uncertainties are needed to provide essential information to users.

Why?
Existing disclosure guidance does not provide for specific disclosures related to risks and uncertainties.

When?
Project added to technical agenda in July 2020.
Topics to Be Considered

- Identify potential risks and uncertainties in the state and local government environment
- Identify what information related to a government’s risks and uncertainties users currently use or would use in their analyses for making decisions or assessing accountability
- Determine what note disclosures about risks and uncertainties should be required
# Project Timeline

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Added to Current Technical Agenda</td>
<td>July 2020</td>
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<tr>
<td>Deliberations to Begin</td>
<td>September 2020</td>
</tr>
<tr>
<td>Exposure Draft Expected</td>
<td>January 2021</td>
</tr>
</tbody>
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Attendance Code
Thank you!

Website information: www.gasb.org