GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

TECHNICAL PLAN FOR THE FINAL THIRD OF 2020:

BACKGROUND AND HISTORICAL MATERIAL

FAF FINANCIAL ACCOUNTING FOUNDATION

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Current Technical Agenda: Conceptual Framework

Conceptual Framework: Disclosure Framework

Project Description: The objective of this project is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance.

Background: Concepts Statement No. 3, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements*, describes a hierarchy for determining the appropriate communication method for conveying information. For a particular item of information, disclosure in notes to basic financial statements is secondary as a communication method to recognition in basic financial statements. Further, notes to financial statements are described as integral to financial statements and essential to a user's understanding of financial position or inflows and outflows of resources.

As a first step prior to reexamining note disclosures in existing authoritative guidance that were included in the pre-agenda research, the project primarily is intended to elaborate on the concept of *essentiality* as it relates to notes to financial statements. That will be accomplished by identifying and defining characteristics or criteria that would be considered when evaluating whether a specific item of information is essential and what it is essential to. Potential topics to be considered in a note disclosure framework project include:

- Purpose of note disclosures, including user needs related to note disclosures
- Characteristics of essentiality
- Limitations of note disclosures
- Presentation and format of note disclosures, including consideration of the location of the information within the note disclosure section
- Consideration of note disclosures individually and as a whole.

The objective of the pre-agenda research was to evaluate whether currently required note disclosures are sufficiently meeting the information needs of the users of state and local government financial reports. One of the specific research questions was whether Concepts Statement 3 provided a sufficient framework for establishing disclosure requirements. That aspect of the research was not the subject of specific questions posed during the research activities but nevertheless is informed by the research results. Some stakeholders that participated in the research believe that note disclosures as a whole are too long and detailed, diminishing the usefulness of those disclosures. That view contrasts with the comments of many of the users, preparers, and auditors participating in the pre-agenda research stating that the individual disclosures that they were asked about are valuable to the users of government financial statements and should be retained. That disparity in viewpoints may indicate a lack of clarity and consistency in the determination of essentiality in existing note disclosures, which could be addressed by a more robust note disclosure framework.

Note disclosures represent a fundamental component of the information that financial statement users rely on to make decisions related to a government's financial health, as well as to assess whether governments have been fiscally and operationally accountable. Prior to the pre-agenda research, the GASB had not conducted a comprehensive review of note disclosures since 1997, which led to the development of Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in June 2001. Many note disclosure requirements were established prior to the issuance of Concepts Statement 3 in April 2005, notably including disclosures in NCGA Interpretation 6, *Notes to the Financial Statements Disclosure,* and Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*. Additionally, there have been numerous significant note disclosures established since the issuance of Concepts Statement 3, including those in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

<u>History</u>:

- Added to current technical agenda: August 2018
- Task force established? Yes
- Deliberations began: October 2018
- Task force meeting held: June 2019
- Exposure Draft issued: February 2020
- Comment period: February–June 2020
- Public hearing held: July 2020

Conceptual Framework: Recognition

Project Description: The objective of this project is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements.

Background: The Board frequently must decide whether an item of information should be recognized in the financial statements and when such an item should be recognized. In the past, the Board has relied on the conceptual framework of other standards setters and analogous examples from practice or previous standards to make such decisions. This method of making decisions tends to lead to certain inconsistencies in financial reporting standards and could result in too much reliance being placed on accounting concepts that were not developed for a governmental environment.

Thus, the project on recognition is needed to provide the GASB with conceptual guidance as to when elements of financial statements should be reported in specific financial statements. This will entail developing recognition criteria and will include a discussion of when elements of financial statements are recognized using different measurement focuses. For the GASB to make consistent financial reporting decisions, it is necessary to have (1) definitions of the elements of financial statements, (2) a basis for determining when elements of financial statements should be recognized in the financial statements, and (3) a basis for determining which measurement approach (for example, initial amounts or remeasured amounts) is appropriate for reporting the elements. The GASB issued a Concepts Statement on the definitions for the elements of financial statements in 2007 and on measurement of elements of financial statements in 2014. A conceptual framework project on recognition is necessary to complete the conceptual basis for reporting items in traditional financial statements.

Project History:

- Pre-agenda research approved: August 2005
- Combined with measurement project on current technical agenda: December 2005
- Task force established? Yes, but replaced by the task force appointed for the reexamination of the financial reporting model
- Deliberations began: December 2007
- Preliminary Views approved: June 2011
- Comment period: July–September 2011
- Public hearings held: October 2011
- User interviews conducted regarding Preliminary Views: October–November 2011
- Separated from measurement project: December 2011
- Project placed on hold pending financial reporting model reexamination: January 2012
- Deliberations recommenced in conjunction with the Financial Reporting Model Reexamination project: October 2015

- Preliminary Views approved: September 2018
- Comment period: September 2018–February 2019
- Public hearings and user forums held: March 2019
- Redeliberations began: June 2019
- Exposure Draft approved: June 2020
- Comment period: July 2020–February 2021

Current Technical Agenda: Comprehensive Projects

Financial Reporting Model—Reexamination of Statements 34, 35, 37, 41, and 46 and Interpretation 6

Project Description: The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules—Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government's accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model.

Background: Statement 34 was the culmination of 15 years of research, deliberation, and due process. In Statement 34, the GASB established the present blueprint for state and local government financial reporting—the format and measurement focus of the basic financial statements, certain related notes to the financial statements, and required supplementary information including management's discussion and analysis (MD&A). Among its many features, Statement 34 introduced government-wide financial statements containing accrual information—which notably included the reporting of infrastructure, other capital assets, and long-term liabilities—for activities previously reported only on a modified accrual basis in the governmental funds. Statement 34 also required a narrative MD&A to precede the financial statements, added the presentation of the original budget to the budgetary comparison schedule, introduced major fund reporting in the governmental and enterprise funds, and added note disclosures related to capital asset and long-term liability activity during the reporting period.

Statement 34 was first effective for periods beginning after June 15, 2001. Most provisions of the Statement became effective in three phases, beginning with the largest governments. Up to an additional 4 years were allowed for Phase 1 (annual revenues of $100 million or more) and Phase 2 ($10 million to $100 million) governments to retroactively report existing infrastructure assets. Phase 3 governments (below $10 million) were allowed to report general infrastructure prospectively.

The financial reporting model has a pervasive influence over the effectiveness of financial reporting by state and local governments and the ability of that reporting to achieve the objectives of financial reporting. As a result, the GASB decided that it was important, as part of its commitment to maintaining the effectiveness of its standards, to reexamine the current financial reporting model now that it has been in place for a sufficient time. The pre-agenda research showed that most of the components of the financial reporting model are effective; however, the research identified several areas for potential improvements.

In conjunction with this project, the efforts to develop recognition concepts for information presented in governmental funds will be continued. The Board's conceptual framework project on recognition was put on hold pending reexamination of the financial reporting model. Feedback to the Preliminary Views issued in June 2011 included recommendations that recognition concepts for governmental funds should be developed in conjunction with a reexamination of the financial reporting model.

Project History:

- Pre-agenda research approved: August 2013
- Research results reported to the Board: July 2015
- Added to current technical agenda: September 2015
- Task force established? Yes
- Deliberations began: October 2015
- Task force meeting held: June 2016
- Invitation to Comment cleared: December 2016
- Comment period: January–March 2017
- Deliberations on new issues for Preliminary Views began: December 2016
- Public hearings and user forums held: April–May 2017
- Task force meeting held: September 2017
- Redeliberations began: October 2017
- Preliminary Views approved: September 2018
- Comment period: September 2018–February 2019
- Deliberations on new issues for Exposure Draft began: October 2018
- Public hearings and user forums held: March 2019
- Redeliberations began: June 2019
- Exposure Draft approved: June 2020
- Comment period: July 2020–February 2021

Revenue and Expense Recognition

Project Description: The overall objective of this project is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions. Achieving that objective will include: (1) development of guidance applicable to topics for which existing guidance is limited, (2) improvement of existing guidance that has been identified as challenging to apply, (3) consideration of a performance obligation approach to the GASB's authoritative literature, and (4) assessment of existing and proposed guidance based on the conceptual framework. The expected outcome of the project is enhanced quality of information that users rely upon in making decisions and assessing accountability.

Background: This project was prompted by three factors: (1) common exchange transactions that are not specifically addressed in existing GASB literature; (2) the results of the Financial Accounting Foundation's (FAF) Post-Implementation Review (PIR) of GASB Statements No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*; and (3) the development of the GASBs conceptual framework.

Exchange Transactions That Are Not Specifically Addressed in Existing Literature

GASB standards provide guidance for revenue recognition for nonexchange transactions in Statements 33 and 36. However, GASB standards provide limited guidance for exchange and exchange-like transactions and that guidance is based on pre-November 30, 1989 Financial Accounting Standard Board (FASB) and the American Institute of Certified Public Accountants (AICPA) pronouncements incorporated through Statement 62. That guidance has not been reexamined and generally has been applied through custom and practice.

Additionally, the FASB recently issued FASB Accounting Standards Codification® (ASC) Topic 606, *Revenue from Contracts with Customers*. These major changes in the FASB standards offer an opportunity to consider a performance obligation approach to the GASB's standards. Therefore, the project is considering developing guidance or improving existing guidance on revenue recognition related to:

- Exchange and exchange-like transactions having single elements
- Exchange and exchange-like transactions having multiple elements
- The differentiation between exchange-like and nonexchange transactions.

Post-Implementation Review of Statements 33 and 36

The FAF conducted a PIR of Statements 33 and 36 and published its findings in November 2015. Among those findings, the PIR report showed that Statements 33 and 36: (1) resolved the issues underlying their stated needs, (2) produced decision-useful information for users of financial statements, and (3) could be applied as intended. However, there were areas that could be considered in this project, including:

- Distinguishing between eligibility requirements and purpose restrictions
- Determining when a transaction is an exchange or nonexchange transaction
- Using the availability period concept consistently across governments
- Applying time and contingency requirements.

Conceptual Framework

Statements 33 and 36 were issued in the 1990s, prior to the completion of key parts of the conceptual framework through the issuance of Concepts Statement No. 4, *Elements of Financial Statements*, in 2007. Concepts Statement 4 includes the definition of two additional elements in financial statements, deferred inflows and deferred outflows of resources. Therefore, an evaluation of the recognition of nonexchange transactions against the conceptual framework would be necessary.

History:

- Pre-agenda research approved: September 2015
- Added to current technical agenda: April 2016
- Task force established? Yes
- Deliberations began: May 2016
- Task force meeting held: August 2017
- Invitation to Comment issued: January 2018
- Comment period: January–April 2018
- Public hearings held: May 2018
- Redeliberations began: June 2018
- Task force meeting held: May 2019
- Exposure Draft approved: June 2020
- Comment period: July 2020–February 2021

Current Technical Agenda: Practice Issues

Compensated Absences—Reexamination of Statement 16

Project Description: The objective of this project is to address certain issues related to accounting and financial reporting for compensated absences. The project will consider improvements to the existing guidance in Statement No. 16, *Accounting for Compensated Absences,* related to: (1) addressing certain types of accrued leave benefits that are not covered in Statement 16, (2) measurement options for sick leave, and (3) the usefulness of required notes to financial statements for decision-making and assessing accountability.

Background: Governments typically provide paid leave benefits to their employees, such as vacation leave and sick leave. Often, those benefits accumulate and employees are paid for some or all of their unpaid leave when they terminate employment. Statement 16 defined compensated absences in paragraph 1 as "absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave." In addition, pre-agenda research indicated some governments provide paid time off (PTO) and compensatory time off.

Many governments allow employees to carry over some or all of their accrued leave balance at the end of a fiscal year. Some governments have different policies for different types of leave, such as paying out accrued vacation leave but not accrued sick leave at termination of employment. Some governments have different policies for different classes of employees, such as general employees and uniformed employees.

Statement 16 required that governments generally recognize a liability for compensated absences because employees are entitled to time off or a cash payment in exchange for services already rendered at the financial statement date. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* included compensated absences as an example of a long-term liability.

The pre-agenda research conducted for this project identified several issues with the existing standards, including a lack of guidance for certain types of leave, inconsistent application of those standards, and changes in the conceptual framework since the issuance of those standards.

Statement 16 distinguished between different types of paid leave, providing different guidance for vacation leave and sick leave. Although many governments continue to provide those benefits separately, the use of PTO has become more common since Statement 16 was issued. With PTO, employees may use their accrued hours of paid leave for either vacation or sick time. Therefore, the distinction between vacation and sick leave in Statement 16 does not apply when governments provide PTO. Some respondents to the preparer surveys in the pre-agenda research indicated that providing guidance specific to PTO would be beneficial. Additionally, a Governmental Accounting Standards Advisory Council (GASAC) member raised the question of whether compensatory time should be accrued as a compensated absence. Compensatory time is when an employee receives additional time off in lieu of overtime pay.

The pre-agenda research indicated there may be inconsistent application of the guidance in Statements 16 and 34 for compensated absences, specifically in the areas of sick leave accrual methods and disclosures of changes in long-term liabilities and the amount due within one year. Statement 16 allows for governments to choose one of two methods for accruing a liability for sick leave: termination payment method or vesting method. Seventeen percent of the respondents to the preparer survey indicated using a method other than those two.

Statement 34 requires compensated absences to be included in the disclosures of long-term liabilities. Those disclosures include increases and decreases during the year (separately presented) and the portion that is due within one year. The staff's archival analysis found that 24 percent of governments in the random sample showed only a net increase or decrease in the compensated absences liability instead of gross increases and decreases as required. The Government Finance Officers Association (GFOA) also recently identified this issue as one of the top 50 deficiencies in financial statements submitted to its Certificate of Achievement for Excellence in Financial Reporting (Certificate) program. The archival analysis also found that 12 percent of governments in the sample reported the entire compensated absences balance as due within one year and 10 percent reported the entire balance as due in more than one year. That may be appropriate in some cases, depending on the government's policies for carrying over accumulated leave balances and assumptions with respect to the pattern of usage. The GFOA previously identified incorrectly classifying the entire balance as a current liability as a common deficiency found through its Certificate program.

Statement 16 was issued in 1992. Since then, the GASB has addressed note disclosures in Concepts Statement No. 3, *Communication Methods in General Purpose Financial Reports That Contain Basic Financial Statements*. According to Concepts Statement 3, note disclosures provide information essential to a financial statement user's understanding of a government's financial statements. One reason that information may be disclosed in notes is that it provides additional insight into financial position and inflows or outflows of resources but does not meet the criteria for recognition (paragraph 35). The GASB also has addressed the definition of liabilities since the issuance of Statement 16. Concepts Statement No. 4, *Elements of Financial Statements*, was issued in 2007. Liabilities are defined in Concepts Statement 4 as "present obligations to sacrifice resources that the government has little or no discretion to avoid." The provisions in Statement 16 have not been evaluated in light of the conceptual framework with regard to (1) what should be the required note disclosures, if any, and (2) whether and when compensated absences should be reported as a liability.

History:

- Pre-agenda research approved: August 2018
- Consultative group appointed? No
- Research results reported to the Board: November 2019
- Added to the current technical agenda: December 2019
- Deliberations began: February 2020

Implementation Guidance—Update

Project Description: The objective of this project is to update implementation guidance for additional issues that come to the attention of the staff. This project will result in the issuance of an annual Implementation Guide. In addition, all updates will be incorporated into the *Codification of Governmental Accounting and Financial Reporting Standards* and the *Comprehensive Implementation Guide*.

Background: Implementation guidance is updated annually through the addition of new questions and answers.

Project History:

- 2020 Implementation Guidance Update cleared for issuance: April 2020
- 2021 update project proposed for addition to current technical agenda: April 2020
- Consultative group appointed? No

Omnibus

Project Description: The objective of this proposed project is to address various technical corrections and other practice issues that have been identified in practice.

Background: The project will address the following issues

Remeasurement of Certain Assets and Liabilities

Statements No. 87, *Leases;* No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements;* and No. 96, *Subscription-Based Information Technology Arrangements,* each provide that the asset or liability (as applicable in the context of each pronouncement) is not required to be remeasured solely for a change in an index or a rate used to determine variable payments. This project would address the appropriate reporting of those transactions when that circumstance is encountered.

Effect of a Purchase Option on Contract Terms and the Measurement of the Liability

The lease term is the period during which a lessee has a noncancelable right to use an underlying asset, plus periods covered by a lessee's option to terminate the lease if it is reasonably certain, that the lessee will not exercise that option. If a lessee determines that a purchase option will be exercised, the option period is not included in the lease term; however, the exercise price of the purchase option is only included in the measurement of the liability when payment is reasonably certain. Statements 94 and 96 include similar provisions in determining the lease term but do specifically address purchase options. This project would address that difference.

Derivative Instruments That Are Neither Hedges nor Investments

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* categorizes all derivative instruments that are not effective hedges as investments. However, certain derivative instruments that are not effective hedges also do not meet the definition of an investment in Statement No. 72, *Fair Value Measurement and Application*. This project would consider whether a third category of derivative instruments should be established.

Exchange Financial Guarantees

Statement No. 70, *Accounting and Financial Report for Nonexchange Financial Guarantees,* does not apply to financial guarantees made or received by governments in an *exchange* or *exchange-like* transaction. This project would consider establishing guidance specifically for exchange and exchange-like financial guarantees.

Other Technical Corrections

Current Codification language uses outdated balance sheet terminology and incorrectly refers to fund equity and other terms. This project would consider minor terminology and other technical corrections in order to make the Codification consistent with current guidance established in the original pronouncements, as amended.

Project History:

- Proposed for addition to current technical agenda: August 2020
- Consultative group appointed? No

Prior-Period Adjustments, Accounting Changes, and Error Corrections—Reexamination of Statement 62

Project Description: The objective of this project is to improve the accounting and financial reporting for prior-period adjustments, accounting changes, and error corrections in Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The project will fully reexamine the existing standards to address issues related to (1) inconsistency in practice, (2) confusion about and difficulty applying regarding the requirements, and (3) the usefulness of the related disclosures.

Background: Guidance on accounting for prior-period adjustments, accounting changes, and error corrections historically has been based on several sources of accounting literature, including APB Opinion No. 9, *Reporting the Results of Operations, Part 1—Net Income and the Treatment of Extraordinary Items and Prior Period Adjustments;* FASB Statement No. 16, *Prior Period Adjustments;* APB Opinion No. 20, *Accounting Changes;* and FASB Interpretation No. 20, *Reporting Accounting Changes under AICPA Statements of Position—an interpretation of APB Opinion No. 20*. That disparate guidance was brought into the GASB literature by Statement 62 and remains largely unchanged.

Statement 62 establishes accounting and financial reporting requirements for prior-period adjustments broadly. Statement 62 also stipulates the treatment of changes in (1) accounting principle, (2) accounting estimate, and (3) the reporting entity. Lastly, Statement 62 requires that corrections of errors in previously issued financial statements should be reported as prior-period adjustments.

The results of the pre-agenda research and the review of relevant technical inquiries indicate that prior-period adjustments, accounting changes, and error corrections generally are widespread among governments. This issue is relevant to a broad number of governments because those changes, such as in accounting principle or estimate, occur in the regular course of accounting and financial reporting. The magnitude of prior-period adjustments, accounting changes, and error corrections vary, but they have the potential to be significant. The pre-agenda research also indicated inconsistencies in practice in the accounting and financial reporting for prior-period adjustments, accounting changes, and error corrections by preparers and auditors.

Information about prior-period adjustments, accounting changes, and error corrections is used by financial statement users in performing analyses and making decisions. In the pre-agenda research, user interviews were conducted to evaluate how users currently use or would use information related to this topic. Many users who were interviewed reported that this information is used to better understand and explain the nature of the changes that have occurred and to make adjustments to facilitate comparability of prior-year financial statements and comparability across governments. Some users indicated that the information is a direct input into quantitative analyses, and others reported using it for qualitative assessments of management, risk, and overall financial health. Based on the manner in which users utilize the information, the pre-agenda research indicated that users would benefit from greater comparability and consistency.

History:

- Pre-agenda research approved: August 2018
- Consultative group appointed? No
- Research results reported to the Board: November 2019
- Added to the current technical agenda: December 2019
- Deliberations began: February 2020

Risks and Uncertainties Disclosures

Project Description: The primary objectives of this practice-issue project are to identify potential risks and uncertainties in the state and local government environment and to consider developing disclosure requirements associated with those risks and uncertainties.

Background: General disclosure guidance in FASB *Accounting Standards Codification*® (ASC) Topic 275, *Risks and Uncertainties,* requires a nongovernmental entity to disclose risks and uncertainties relating to the nature of its operations, its estimates, and vulnerability due to certain concentrations. (Topic 275 primarily is derived from AICPA Statement of Position 94-6, *Disclosure of Certain Significant Risks and Uncertainties,* which was issued in 1994.) For some governmental entities, the long-term impacts of the COVID-19 pandemic might be felt across each of those categories. However, the potential need for this information by users of financial statements extends beyond the effects of the pandemic.

The three broad categories of disclosure requirements in FASB Topic 275 are relevant to government. However, because of the differences between the public and private sectors, each category needs to be carefully considered in the context of the government environment. For example, seldom are governments exactly alike in the services that are provided to their stakeholders. The types of services provided introduce a different financial risk profile for each government. Therefore, information on the nature of operations is relevant to users of financial statements.

Due to the nature of the types of arrangements that have been addressed in recent standards (for example, pensions, other postemployment benefits, asset retirement obligations, and leases), the use of estimates has become even more prevalent in preparation of government financial statements. Regarding potential disclosures associated with the use of estimates, some governments currently provide the type of disclosure currently provided for in the private sector; however, other governments do not, which results in financial reporting inconsistencies. Disclosure requirements regarding changes in estimates are being considered in the project on Prior-Period Adjustments, Accounting Changes, and Error Corrections. Therefore, user outreach efforts will be coordinated to avoid unnecessary duplication and to ensure that user needs are being met with essential information.

As demand for government services increase while resources are being constrained, the disclosure of existing concentrations that make the entity vulnerable to the risk of a near-term severe impact on resources is relevant to financial statement users. The events that could cause the severe impact will occur in the near term may be considered essential information for governmental financial statement users. However, outreach with those users is critical to determining what information is essential. In the governmental environment, an entity may have a concentration related to a nonexchange funding source from another government (for example, a school district may obtain a significant portion of its annual revenue from a state). A government could have a concentration related to an exchange funding source (for example, a public power utility may obtain a significant portion of its revenue from the provision of electricity to a single customer or a small group of customers).

Project History:

- Added to the current technical agenda: July 2020
- Consultative group appointed? No

Pre-Agenda Research

Capital Assets

Research Description: The objective of this pre-agenda research is to review the existing standards applicable to capital asset accounting and financial reporting to evaluate whether the information reported about capital assets could: (1) be more comparable across governments and more consistent over time; (2) be more useful for making decisions and assessing government accountability; (3) be more relevant to assessments of a government's economic condition, including its financial position, fiscal capacity, and service capacity; and (4) better reflect the capacity of those assets to provide service and how that capacity may change over time.

Background: The basic capital asset standards reside in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* paragraphs 18–29, as amended. However, capital assets are the primary focus of (or are significantly addressed in) multiple pronouncements, including:

- Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*
- Statement No. 44, *Economic Condition Reporting: The Statistical Section*
- Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*
- Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Paragraph 19 of Statement 34, as amended, defines capital assets as including the following (footnotes omitted):

> …land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

In general, governments are required to report capital assets at their historical cost and to depreciate that historical cost in a systematic and rational manner over the estimated useful lives of the assets. Capital assets are reported at their historical cost net of accumulated depreciation in financial statements using the economic resources measurement focus and the accrual basis of accounting. The primary exceptions to the depreciation requirement are land (which is considered inexhaustible), construction in progress, and infrastructure assets reported using the *modified approach*.

The modified approach is an optional reporting method available to governments that meet certain criteria demonstrating that the qualifying infrastructure assets are being maintained over time at a consistent physical condition level determined in advance by the government. Instead of depreciation, governments employing the modified approach report annual expenses for the cost of maintaining and preserving the assets at the predetermined condition level. Those governments are required to present required supplementary information (RSI) that includes (1) assessed physical condition for the past three condition assessments, (2) a comparison of needed maintenance and preservation spending with actual spending for the past five fiscal years, and (3) notes to RSI describing the system of condition assessment used, the condition level at which the government intends to preserve its infrastructure, and changes in the system and other factors affecting the reported trends.

During the development of Statement 34, the Board considered other alternatives to reporting depreciation expense for infrastructure assets. One such alternative was the *preservation method,* which proposed reporting a capital use charge in the statement of activities based on changes in an asset's condition level. The Board heard from engineers and transportation finance officers at that time that although those approaches are of great value in managing infrastructure assets, they had not developed to the point at which consistent measurement methods or scales could be used to assess condition sufficiently for recognition in financial statements. The Board tabled the preservation method and did not include the option in Statement 34 due to measurement and other issues.

Since the advent of comprehensive capital asset reporting under Statement 34, relatively limited research has been conducted regarding state and local government reporting of capital assets within the scope of audited annual financial statements. Some research has been conducted, however, on the modified approach, suggesting that its use is not widespread beyond state governments and varies significantly from government to government.

An academic study of the use of the modified approach by state governments, Puerto Rico, and the District of Columbia, found that 23 of those governments (44 percent) use the modified approach to report some infrastructure assets, predominantly bridges and roadways.[1] Two states have since changed accounting policies and now depreciate their infrastructure. One of the recipients of the 2011 Crain Memorial Research grants found less widespread usage of the modified approach among counties and cities. A review of the financial reports of 620 large and medium county and city governments found 37 governments (6 percent) use the modified approach.

Insights into the value of modified approach information to financial statement users are found in a study published in 2016.[2] The researchers compared bid spreads on secondary market auctions for the municipal bonds of states that use the modified approach versus states that use traditional depreciation. They found that the spreads were significantly narrower for the modified approach states, signaling a reduction in information asymmetry and an improvement in market efficiency.

Two 2018 Crain Memorial Research grants focused on capital asset reporting. The first focused on the decisions made by county governments related to capital asset accounting policies and what factors drove those decisions, the extent to which counties employ asset management systems, and how capital asset information required by Statement 34 is being used in decision making. The second focused on decisions made by states and cities related to capital asset accounting policies, including what factors were used in setting those policies, how those policies have evolved, and consequences of those policies in terms of the government's financial health and performance.

History:

- Pre-agenda research approved: August 2019
- Consultative group appointed? To be appointed

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[1] Thomas E. Vermeer, Terry K. Patton, and Alan K. Styles, "Reporting of General Infrastructure Assets under GASB Statement No. 34." *Accounting Horizons* 25, no. 2 (2011). 381-407.
[2] Rebecca Bloch, Justin Marlowe, and Dean Michael Mead, "Infrastructure Asset Reporting and Pricing Uncertainty in the Municipal Bond Market." *Journal of Governmental & Nonprofit Accounting* 5, no. 1 (2016). 53-70. http://doi.org/10.2308/ogna-51726.

Going Concern Disclosures—Reexamination of Statement 56

Research Description: The objective of this research is to evaluate whether the existing GASB authoritative literature has provided preparers of financial statements for state and local governments sufficient guidance about management's responsibilities for evaluating and disclosing uncertainties associated with severe financial stress (what is now referred to as "going concern" uncertainties). The research will provide the Board with the information it requires to consider the need for revisions to existing disclosure standards, which would be intended to reduce existing diversity in note disclosures and to more effectively meet financial statement user needs.

Background: GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, incorporated into the GASB authoritative literature accounting and financial reporting guidance on three issues—related party transactions, subsequent events, and going concern considerations—presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards (SAS). The going concern guidance was found in U.S. Auditing Standards (AU) Section 341, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*.

The note disclosure requirements related to going concern were incorporated into the GASB's literature basically "as is." That guidance was issued by the AICPA in 1988.

The Board discussed issues associated with inconsistencies found in practice in the application of going concern guidance with the AICPA's State and Local Government Expert Panel. Moreover, the Board discussed with the AICPA's Audit Issues Task Force (AITF) whether there is a gap between what financial statement users discern from going concern disclosures (for example, a conclusion that the government will cease to exist as a legal entity) and the actual information needed by those users (that is, for the disclosures to identify severe financial stress). At the latter meeting, members of the AITF expressed interest in working with the GASB to address how to close this gap.

In June 2014, the GASB awarded a Gil Crain Memorial Research Grant to fund research on the experience with auditors issuing going concern opinions on state and local governments. The final report on that research was received in August 2015. In September 2015, the GASB awarded a Crain research grant to fund research on government dissolutions. The final report on that research was received in November 2016. Lastly, in June 2016, the GASB awarded a Crain research grant to fund a comprehensive statistical analysis of the predictive power of commonly used indicators of severe financial stress. The results of the Crain research will supplement the research activities being conducted by the GASB staff.

History:

- Pre-agenda research approved: April 2015
- Consultative group appointed? Yes

Interim Financial Reporting

Research Description: The objectives of this pre-agenda research are (1) to evaluate the importance of financial reporting in conformity with generally accepted accounting principles (GAAP) for a period less than a year—for instance, monthly, quarterly, or semiannually—to users of financial statements and (2) to assess the need for specific guidance related to such interim financial reports. The research will collect the information necessary for the Board to determine whether guidance is needed and, if so, to develop related standards.

Background: References to interim financial reporting in existing standards are limited to the following paragraphs from NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles,* as amended by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments:*

> Appropriate interim budgetary reports should be prepared during the fiscal period to facilitate management control and legislative oversight of governmental fund financial operations. Such reports are important both to revenue and expenditure control processes and to facilitate timely planning and budgetary revisions. [NCGAS 1, ¶93]
>
> Financial statements and schedules are derived from the accounts and related records. Interim financial statements cover periods of less than one year (e.g., a month or quarter) and traditionally have been prepared primarily for internal use. Annual financial statements are prepared for each fiscal year to serve information needs of both internal and external users. [NCGAS 1, ¶130]
>
> Interim financial reports are comprised principally of statements that reflect current financial position at the end of a month or quarter and compare actual financial results with budgetary estimates and limitations, for the month or quarter and/or for the year to date. Interim reports typically are prepared primarily for internal use. Thus, they usually are prepared on the budgetary basis and often do not include statements reporting general capital assets or general long-term debt. Further, they may properly contain budgetary or cash flow projections and other information deemed pertinent to effective management control during the year. [NCGAS 1, ¶133, as amended by GASBS 34, ¶80]
>
> The key criteria by which internal interim reports are evaluated are their relevance and usefulness for purposes of management control, which include planning future operations as well as evaluating current financial status and results to date. Continual efforts should be made to assure that accounting and related interim information properly serve management control needs. Because managerial styles and perceived information needs vary widely, however, appropriate internal

interim reporting is largely a matter of professional judgment rather than one to be set forth in detail here. [NCGAS 1, ¶134]

In the course of developing Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Board considered incorporating APB Opinion 28, *Interim Financial Reporting* (now *Accounting Standards Codification*® 270, Interim Reporting). The preceding paragraphs from the GASB literature set forth general principles regarding the use of interim financial reporting by governments and the purpose of such reporting. The FASB and AICPA pronouncements that address interim financial reporting, however, provide *specific* guidance on the application of accounting principles and practices in financial reports prepared for periods less than one year.

The Board concluded, therefore, that the prescriptive nature of the provisions in APB Opinion 28 and related pronouncements conflicts with the general principles established in NCGA Statement 1. As a result, the Board decided to not to incorporate those FASB and AICPA provisions into the GASB literature. Instead, a potential standards-setting topic on interim financial reporting was added to the technical plan in April 2011.

At present, no government-specific guidance is available for GAAP financial reporting for periods less than a full fiscal year. Although the effective date provisions of most GASB pronouncements specify that the standards are applicable to *periods,* rather than only full years, those pronouncements do not provide guidance regarding *how to* apply the standards to periods of less than a year. Interim financial reporting by general purpose governments based on GAAP is relatively infrequent; however, certain business-type activities such as public hospitals often prepare quarterly financial statements.

History:

- Pre-agenda research approved: August 2019
- Consultative group appointed? No

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Investment Fees

Research Description: The initial objectives of this potential topic are (1) to review the ways in which governments report the fees charged to them, if any, in relation to investments, including fees associated with private equity funds, hedge funds, and real estate; (2) to identify the information needs of users pertaining to those fees; and (3) to evaluate the sufficiency of existing guidance to result in appropriate reporting that meets user needs. The research will collect the information necessary for the Board to determine whether existing guidance is sufficient or, if not, whether improvements to the relevant standards should be considered further.

Background: Stakeholders have raised concerns regarding what they believe to be a lack of transparency with regard to the management fees associated with some state and local government investments. Of particular note are investments in private equity funds, hedge funds, real estate, and similar ventures—sometimes referred to as alternative investments. A key concern is a perceived inability to fully identify the costs that are associated with those investments and to separate those costs from investment income in the financial statements of state and local governments. Some observers believe the accounting and financial reporting standards are not sufficient to result in investment-related fees being specifically identified in the financial statements or notes to the financial statements.

GASB standards do not specify how fees related to investments should be reported in general. However, the issue is specifically addressed in the standards for pensions and other postemployment benefits (OPEB). Paragraph 22d of Statement No. 67, *Financial Reporting for Pension Plans,* requires recognition in a pension plan's statement of changes in fiduciary net position of "Net investment income, including separate display of (1) investment income (see paragraphs 23–25) and (2) investment expense, including investment management and custodial fees and all other significant investment-related costs (see paragraph 26)." Regarding investment expense, paragraph 26 requires that, "Investment-related costs should be reported as investment expense if they are separable from (a) investment income and (b) the administrative expense of the pension plan." The same requirements are applied to OPEB by Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*

Paragraph 23 of Statement No. 84, *Fiduciary Activities,* addresses investment fee reporting in fiduciary funds other than pension (or other employee benefit) trust funds:

> …[T]he statement of changes in fiduciary net position should disaggregate additions by source including, if applicable, separate display of:
>
> a. Investment earnings

b. Investment costs (including investment management fees, custodial fees, and all other significant investment-related costs)
c. Net investment earnings (investment earnings minus investment costs).

Investment-related costs should be reported as investment costs if they are separable from (a) investment earnings and (b) administrative costs. The statement of changes in fiduciary net position should disaggregate deductions by type and, if separable, should separately display administrative costs.

Statement 84 (paragraph 24) provides an exception to those general display requirements for “custodial funds in which resources, upon receipt, are normally expected to be held for three months or less.” Those funds “may report a single aggregated total for additions and a single aggregated total for deductions” though, “The descriptions of the aggregated totals of additions and deductions should indicate the nature of the resource flows.”

There are at least two reasons for conducting pre-agenda research on fees related to investments: (1) the presence of alternative investments in pension plan portfolios, and (2) the potential for variability in reporting of investment income and investment expense by governments. The existing standards regarding whether fees are separable from investment income and administrative expense rely upon professional judgment. That inherent subjectivity may result in variation in reporting by governments and, therefore, a diminution of the usefulness of the reported information.

History:

- Pre-agenda research approved: August 2019
- Consultative group appointed? No

Nonfinancial Assets

Research Description: The initial objective of this pre-agenda research is to determine what effect the nonfinancial asset classification has had on financial reporting, including how it has been interpreted and applied by governments and whether it is a valuable distinction for users of financial statements. If it is determined that additional guidance on nonfinancial assets is needed, another objective will be to consider how the existing accounting and financial reporting standards could be improved.

Background: The origin of the term *nonfinancial asset* in the GASB literature is found in Concepts Statement No. 1, *Objectives of Financial Reporting*. Concepts Statement 1 introduces the term *nonfinancial resource* in paragraph 79 to describe one of the objectives of financial reporting:

> *Financial reporting should assist users in assessing the level of services that can be provided by the governmental entity and its ability to meet its obligations as they become due.*
>
> a. *Financial reporting should provide information about the financial position and condition of a governmental entity*. Financial reporting should provide information about resources and obligations, both actual and contingent, current and noncurrent. The major financial resources of most governmental entities are derived from the ability to tax and issue debt. As a result, financial reporting should provide information about tax sources, tax limitations, tax burdens, and debt limitations.
>
> b. *Financial reporting should provide information about a governmental entity's physical and other nonfinancial resources having useful lives that extend beyond the current year, including information that can be used to assess the service potential of those resources*. This information should be presented to help users assess long- and short-term capital needs. . . . [Underline added for emphasis.]

Although nonfinancial resources also were mentioned in the Basis for Conclusions of Concepts Statement 1, the term was not defined or further described.

The term *nonfinancial asset* was introduced in Statement No. 72, *Fair Value Measurement and Application,* as amended, to address how to approach fair value measurement for assets other than investments. Paragraph 55 of Statement 72 provides an example of nonfinancial assets in the overall discussion of highest and best use:

> If an accounting standard requires the application of fair value to a nonfinancial asset (for example, real property), the fair value measurement takes into account a market participant's ability to generate resources by using the asset according to its highest and best use. . .

The extensive discussion about highest and best use in Statement 72, as amended, could imply that the category of nonfinancial assets is an asset grouping broader than capital assets.

The term *nonfinancial asset* was neither defined in the Glossary nor specifically addressed in the Basis for Conclusions of Statement 72; however, *financial asset* was defined in the Glossary:

> Cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right to do either of the following:
>
> a. Receive cash or another financial instrument from a second entity
> b. Exchange other financial instruments on potentially favorable terms with the second entity (for example, an option).

The ambiguity between capital assets and what became the nonfinancial assets classification began with Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* as amended. Statement 34 describes capital assets in paragraph 19, as amended:

> …[L]and, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or <u>intangible assets</u> that are used in operations and that have initial useful lives extending beyond a single reporting period. . . [Underline added for emphasis. Footnotes omitted.]

The reference to intangible assets was added to address capital leases. Specific guidance for intangible assets such as computer software was not provided in GASB literature at that time. The inclusion of intangible assets in the capital assets definition did generate comments during due process because of concerns that the reference would be applied beyond capital leases; however, the Board did not modify the provision, again because of the lack of guidance in GASB literature (that is, there was no specific GASB literature addressing intangibles at that time other than the standards related to leases).

This issue of classification was faced by the Board again in Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* as amended. The classification of intangible assets was specifically addressed in paragraph 5 of Statement 51: "All intangible assets subject to the provisions of this Statement should be classified as capital assets." However, the provisions in paragraph 3 of Statement 51, as amended, made it clear that Statement 51 addresses all intangible assets except for investments (paragraph 3a) and leases (paragraph 3b). (It also excluded goodwill in paragraph 3c; however, it should be noted that this provision was superseded by Statement No. 69, *Government Combinations and Disposals of Government Operations*.)

The rationale for the classification of intangibles in the scope of Statement 51 as capital assets was not specifically addressed in the Basis for Conclusions of that Statement but rather was based on the capital asset description in Statement 34. Furthermore, paragraph 2 of Statement 51, which describes the characteristics of intangible assets, discusses their nonfinancial nature as follows:

> In the context of this Statement, an asset with a nonfinancial nature is one that is not in a monetary form similar to cash and investments securities, and it represents neither a claim or a right to assets in a monetary form similar to receivables, nor a prepayment for goods or services.

The definition of a lease in Statement No. 87, *Leases,* also includes a reference to nonfinancial assets. Paragraph 4 of Statement 87 states:

> For purposes of applying this Statement, a lease is defined as 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. [Footnote omitted.]

Paragraph B7 of the Basis for Conclusions of Statement 87 provides insight into the Board's intent with regard to the use of the term nonfinancial asset in the definition of a lease, as follows:

> The definition also is expanded to apply to nonfinancial assets rather than only capital assets. The broader definition allows for the possibility of other types of assets to be leased. However, the Board excluded financial assets from the definition so that, for example, securities lending and similar activities would not be subject to this Statement.

As previously mentioned, the Board's perceived intent was to convey that nonfinancial assets is a broader classification than capital assets.

The following issues would be considered during the research:

- Should intangible assets associated with other intangible assets (for example, software in the scope of Statement No. 96, *Subscription-Based Information Technology Arrangements* and intangible assets associated with tangible assets (for example, leases within the scope of Statement 87 and public-private partnerships in the scope of Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*) continue to be classified as capital assets?
- Should intangible assets addressed in Statement 51 (for example, internally generated software) continue to be classified as capital assets? If so, should the

terms include a reference to capital assets in the financial statements (for example, nonfinancial assets, including capital assets)?

- Should other types of assets (for example, capital assets held for resale, patents, copyrights) be classified as nonfinancial assets versus being classified as capital assets?
- Does the nonfinancial assets classification communicate information that users need to make decisions or assess accountability? Is it important to users to receive information that distinguishes capital assets from other nonfinancial assets?

History:

- Pre-agenda research proposed: August 2020
- Consultative group appointed? No

Monitoring Activities

AICPA Auditing Standards

Description of Monitoring Activities: The objective of this activity is to monitor the effect of potential or proposed changes in generally accepted auditing standards (GAAS) established by the American Institute of Certified Public Accountants (AICPA) on the state and local government environment. Monitoring will provide the Board with a basis for evaluating the need to consider modifying accounting and financial reporting standards as a result of any potential or proposed changes to GAAS by the AICPA.

Background: Certain changes to GAAS either can establish differences between auditing and accounting standards that may need resolution or raise questions that may require additional clarification. At their November 2018 meeting, some GASAC members identified a need to formally establish an activity at the GASB that would monitor the activities of the AICPA's Auditing Standards Board and Audit Issues Task Force in order to identify the effect of potential or proposed changes in GAAS.

Monitoring History:

- Monitoring activity approved: December 2018

Electronic Financial Reporting

Description of Monitoring Activities: The objective of this activity is to monitor the effect of the electronic media on information delivery and user needs. Monitoring and support of research into the evolving state of the art in electronic financial reporting by state and local governments will provide the Board with a basis for evaluating the need to develop standards for financial reports intended for this medium.

Background: During the development of the Board's initial strategic plan in 1997, and in succeeding plans, the Board recognized the importance of staying abreast of the rapidly increasing use of electronic media in financial reporting applications. In the strategic plan, the Board acknowledges that it has the responsibility to ensure that its standards provide current and potential users with relevant information. It is that responsibility that led the Board to initiate long-range monitoring of practice to determine how electronic media will be used by governments to provide alternatives to traditional reports.

GASB staff members have been monitoring developments in the reporting of governmental financial statement information via electronic media. The staff members have concentrated on two specific issues:

- The application of Extensible Business Reporting Language (XBRL) for local government reporting based on recently passed legislation in one state.
- The growth in governments' use of electronic media to report their financial results in the absence of a standard format like XBRL.

Monitoring History:

- Monitoring activity approved: July 2000

Pay-for-Success Financings

Description of Monitoring Activities: The objective of this activity is to monitor pay-for-success financings to determine whether the factors noted in the GASB pre-agenda research on this subject have changed in any significant manner. Monitoring the evolving state of the art in pay-for-success financings by governments will provide the Board with a basis for evaluating the need to develop standards for these transactions.

Background: In 2017, the GASB staff completed the initial research of pay-for-success financings and recommended that a project addressing these transactions not be added to the Board's current technical agenda at that time. However, the GASB staff also recommended that these transactions continue to be monitored to determine whether the factors that influenced the recommendation have changed in any significant manner. Monitoring activities include periodic touch points with leaders in this field.

Monitoring History:

- Monitoring activity approved: December 2017

Post-Implementation Review

Fair Value—Statement 72—Stage One

PIR Topic: Statement No. 72, *Fair Value Measurement and Application*

Background: Statement 72 was issued in February 2015. It was effective for reporting periods beginning after June 15, 2015.

History:

- PIR initiated: May 2019

Fiduciary Activities—Statement 84—Stage One

PIR Topic: Statement No. 84, *Fiduciary Activities*

Background: Statement 84 was issued in January 2017. Subsequent to Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* it is effective for reporting periods beginning after December 15, 2019.

History:

- PIR initiated: May 2019

Leases—Statement 87—Stage One

PIR Topic: Statement No. 87, *Leases*

Background: Statement 87 was issued in June 2017. Subsequent to Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* it is effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.

History:

- PIR initiated: May 2019

<u>**Other Postemployment Benefits—Statement 75—Stage One**</u>

<u>PIR Topic</u>: Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

<u>Background</u>: Statement 75 was issued in June 2015. It was effective for reporting fiscal years beginning after June 15, 2017.

<u>History</u>:

- PIR initiated: May 2019

<u>Pensions—Statements 67 & 68—Stage Two</u>

<u>PIR Topic</u>: Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*

<u>Background</u>: Statements 67 and 68 were issued in June 2012. Statement 67 was effective for fiscal years beginning after June 15, 2013. Statement 68 was effective for fiscal years beginning after June 15, 2014.

<u>History</u>:

- PIR initiated: January 2017
- Stage One completed: March 2019
- Stage Two began: June 2019