

# 2026 Governmental GAAP Update

# Meet the Presenter

2



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### **Professional Associations:**

American Institute of Certified Public Accountants  
Michigan Association of Certified Public Accountants  
Michigan Government Finance Officers Association  
National Government Finance Officers Association  
AGA West Michigan Chapter  
Michigan School Business Officials

# Session Outline

1

GASB Statement No. 103: *Financial Reporting Model Improvements* –  
The first major overhaul to GASB 34 since 1999.

2

GASB Statement No. 104: *Disclosure of Certain Capital Assets*

3

GASB Statement No. 105: *Subsequent Events*

4

GASB Project Timeline: *Current and upcoming projects*

# Polling Question #1

**Which GASB Statement do you think will have the most significant impact on your organization?**

- GASB 103: Financial Reporting Model Improvements
- GASB 104: Disclosure of Certain Capital Assets
- GASB 105: Subsequent Events
- Not sure yet







# ***GASB 103, Financial Reporting Model Improvements***

# GASB Statement 103

## Summary of the Standard

The requirements of this statement are effective for fiscal years beginning after: June 15, 2025, and all reporting periods thereafter.

Will be effective for periods ending:

June 30,  
2026

Sept. 30,  
2026

Dec. 31,  
2026

Mar. 31,  
2027

# **GASB Statement 103**

## **Summary of the Standard**

### **Why a project on this topic?**

- GASB research found that Statement 34 continues to be highly effective but did identify certain opportunities for improvement.





# GASB Statement 103

## Summary of the Standard

Most important changes – THOSE NOT MADE

No change in the measurement focus or basis of accounting for governmental funds

Retained current financial  
resources measurement focus.

Retained modified accrual basis  
of accounting.

*Both of these changes were  
considered during process.*

# **GASB Statement 103**

## **Summary of the Standard**

Most important changes – THOSE NOT MADE

No change in presentation of  
governmental fund financial  
statements

No change to GASB concepts  
statements related to  
governmental funds  
measurement focus and/or the  
basis of accounting.

# GASB Statement 103

## Summary of the Standard

What financial reporting items **WERE** affected?

Content of management's  
discussion and analysis

Unusual or infrequent items  
replace extraordinary items  
and special items

Presentation of proprietary  
fund financial statements and  
definitions for classifying  
resource flows in those funds

# GASB Statement 103

## Summary of the Standard

What financial reporting items **WERE** affected?

Presentation of major  
component units

Presentation of budgetary  
comparison information, and

Content of financial trends  
information in the statistical  
section of an ACFR

# **GASB Statement 103**

## **Management's Discussion and Analysis**

The Statement requires that MD&A be limited to the related topics discussed in five sections:

- 1) Overview of the Financial Statements
- 2) Financial Summary
- 3) Detailed Analyses
- 4) Significant Capital Asset and Long-Term Financing Activity
- 5) Currently Known Facts, Decisions, or Conditions



# GASB Statement 103

## Management's Discussion and Analysis

| Current  | GASB 103  |
|--|---|
| 1) Discussion of the basic financial statements                                      | 1) Overview of the financial statements                       |
| 2) Condensed financial information   | 2) Financial Summary  |
| 3) Analysis of the government's overall financial position and results of operations | 3) Detailed analyses  |
| 4) Analysis of the balances and transactions of individual funds                     |   |
| 5) Description of capital asset and long-term debt activity                          | 4) Significant capital asset and long-term financing activity |
| 6) Currently known facts, decisions or conditions of future significance             | 5) Currently known facts, decisions, or conditions            |
| 7) Analysis of budgetary variations  | N/A - Moved to RSI as opposed to MD&A                         |
| 8) Discussion of infrastructure accounted for using the modified approach            |   |

# **GASB Statement 103**

## **Management's Discussion and Analysis**

This statement gives particular emphasis to:

Analysis - Why the government's financial position and results of operations changed from one year to the next.

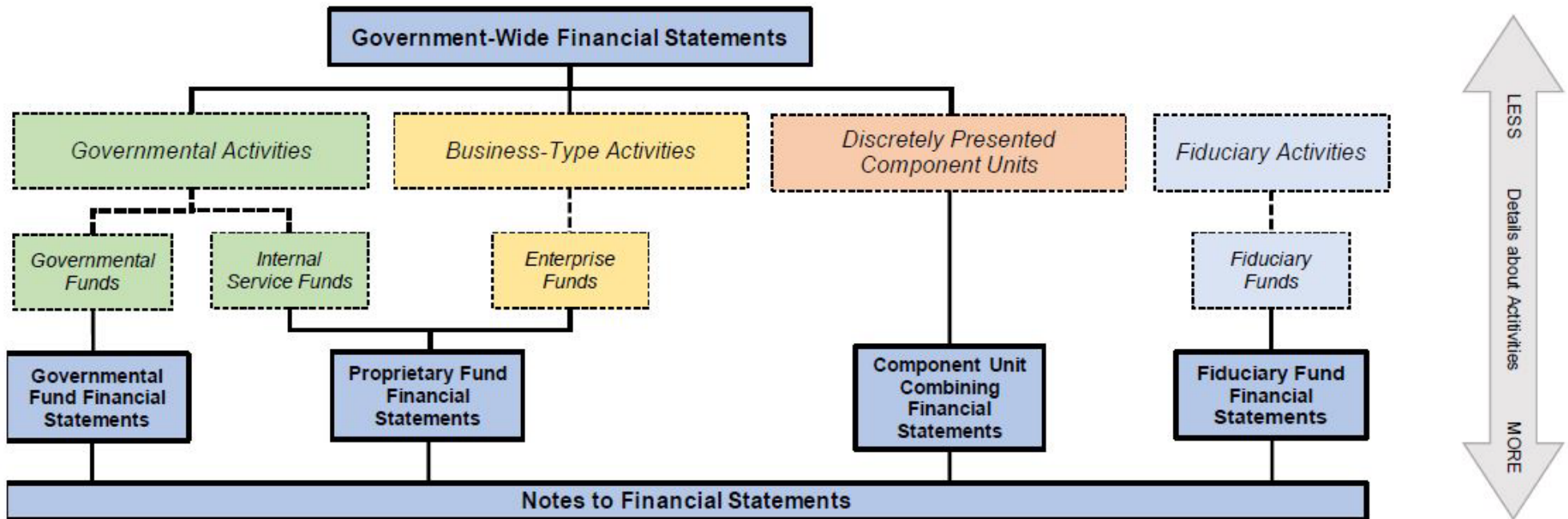
Avoiding unnecessary repetition

# GASB Statement 103

## Management's Discussion and Analysis

### Overview of the Financial Statements

Figure A-1. Contents of the City's Basic Financial Statements





# **GASB Statement 103**

## **Management's Discussion and Analysis**

Added discussions of significant policy changes

- Examples might include changes in tax rates, fees, or imposition of a hiring freeze. It could also include important economic factors such as changes in the tax or employment bases.

# GASB Statement 103

## Management's Discussion and Analysis

| Significant Capital Asset and Long-term Financing Activity<br>A description of significant long-term financing activity during the year |                               |   |   |
|---|-------------------------------|---|---|
| <u>Should include</u><br><u>Leases/SBITAs/PPPs</u>  | Significant new<br>agreements | Discussion of<br>ratings/debt limitations | <u>Any significant policy</u><br><u>changes or economic</u><br><u>factors</u> |



# GASB Statement 103

## Management's Discussion and Analysis

### Currently Known Facts, Decisions, or Conditions

- Discussions of economic and demographic changes
- Factors used to develop the next year's budget
- Expected changes in budgetary net position or budgetary fund balance
  - First time there has been a requirement that differences between GAAP and budgetary balances be analyzed and quantified.

# **GASB Statement 103**

## **Unusual or Infrequent Items**

One new classification replaces both



# **GASB Statement 103**

## **Unusual or Infrequent Items**

No changes to definitions of terms:

### **Unusual in Nature**

An event or transaction is abnormal and significantly different from the ordinary and typical activities of the government.

### **Infrequent Occurrence**

An event or transaction is of a type not reasonably expected to recur in the foreseeable future





# **GASB Statement 103**

## **Unusual or Infrequent Items**

### Presentation

- Last flow item(s) before net change in net position or in fund balance
- Inflows and outflows for unusual or infrequent items should be reported gross, not netted

# GASB Statement 103

## Unusual or Infrequent Items

For example, separately display:\*\*

| Inflow   | Outflow   |
|--|---|
| Disaster recovery grant revenue received because of a natural disaster that qualifies as an unusual or infrequent item | Impairment loss from damage caused by the same natural disaster |

**\*\* We'll see an example of this presentation when we get to Proprietary fund changes in a moment.**

## Polling Question #2

**Does your organization currently have a plan to address the new requirements for unusual or infrequent items under GASB 103?**

- Yes, we have a plan in place
- No, but we are working on it
- No, we need guidance
- Not applicable to our organization



# **GASB Statement 103**

## **Proprietary Funds Presentation**

Changes in Presentation:

New definition of  
operating and  
nonoperating  
revenues and  
expenses

New definition of  
subsidies

New format for  
statement of  
revenues, expenses  
and changes in fund  
net position

# **GASB Statement 103**

## **Proprietary Funds Presentation**

Nonoperating revenues and expenses:\*

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

\* Specific exception is made for those activities that constitute the proprietary fund's principal ongoing operations

# **GASB Statement 103**

## **Proprietary Funds Presentation**

Operating revenues and expenses:

- All revenues and expenses that are not specifically identified as nonoperating





# **GASB Statement 103**

## **Proprietary Funds Presentation**

Subsidies are:

**Resources received from another party or fund**

- For which the proprietary fund does not provide goods or services to the other party or fund
- That directly or indirectly keep the proprietary fund's current or future fees and charges lower than they otherwise would be

# **GASB Statement 103**

## **Proprietary Funds Presentation**

Subsidies are ALSO:

**Resources provided to another party or fund**

- For which the recipient does not provide goods or services to the proprietary fund, and
- That are recoverable through the proprietary fund's current or future pricing policies and

**All other transfers**



# **GASB Statement 103**

## **Proprietary Funds Presentation**

Examples the GASB provides of subsidies:



Transfers  
in/transfers out

Insurance  
reimbursements

Intergovernmental  
revenue

Sample City  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
for the Year Ended June 30, 20X5  
(amounts expressed in thousands)

See Exhibit 21 for an illustration of an optional combining statement of internal service funds.

|  | Enterprise Funds |                   |              |           | Internal Service Funds |
|--|------------------|-------------------|--------------|-----------|------------------------|
|  | Public Utility   | Transit Authority | Golf Courses | Total     |                        |
| <b>OPERATING REVENUES</b>                        |                  |                   |              |           |                        |
| Charges for services                             | \$ 41,003        | \$ 18,636         | \$ 2,561     | \$ 62,200 | \$ 42,523              |
| Miscellaneous                                    | 283              | 33                | 104          | 420       | 78                     |
| Total operating revenues                         | 41,286           | 18,669            | 2,665        | 62,620    | 42,601                 |
| <b>OPERATING EXPENSES</b>                        |                  |                   |              |           |                        |
| Personnel services                               | 13,991           | -                 | -            | 13,991    | 5,786                  |
| Contractual services                             | 13,952           | 16,406            | 4,893        | 35,251    | 4,117                  |
| Insurance claims and expenses                    | -                | -                 | -            | -         | 26,388                 |
| Depreciation                                     | 11,767           | 8,972             | 2,375        | 23,114    | 415                    |
| Other  | 1,067            | -                 | 165          | 1,232     | 7,834                  |
| Total operating expenses                         | 40,777           | 25,378            | 7,433        | 73,588    | 44,540                 |
| Operating income (loss)                          | 509              | (6,709)           | (4,768)      | (10,968)  | (1,939)                |
| <b>NONCAPITAL SUBSIDIES</b>                      |                  |                   |              |           |                        |
| Intergovernmental revenue                        | -                | -                 | -            | -         | 881                    |
| Transfers in                                     | -                | 2,090             | 110          | 2,200     | 300                    |
| Transfers out                                    | (1,980)          | -                 | -            | (1,980)   | -                      |
| Total noncapital subsidies                       | (1,980)          | 2,090             | 110          | 220       | 1,181                  |
| Operating income (loss) and noncapital subsidies | (1,471)          | (4,619)           | (4,658)      | (10,748)  | (758)                  |

Exhibit 8 from  
GASB 103

# GASB Statement 103

## Proprietary Funds Presentation

GFOA Example from Annual  
GAAP Update

|   |         |
|---|---------|
| Statement of Revenues, Expenses and Changes in Fund Net Position<br>Transit Enterprise Fund<br>For the Year Ended June 30, 20X1 |         |
| <i>Note: operating revenues and expenses omitted from illustration</i>  |         |
| Operating Income (loss)   | (9,607) |
| Noncapital Subsidies  |         |
| Intergovernmental revenue   | 8,812   |
| Transfers In  | 1,009   |
| Total noncapital subsidies  | 9,821   |
| Operating income(loss) and noncapital subsidies   | 214     |
| Other nonoperating revenues (expenses)  |         |
| Investment income   | 227     |
| Capital contributions   | 121     |
| Interest expense  | (446)   |
| Total other nonoperating revenues (expenses)  | (98)    |
| Income (loss) before unusual or infrequent items  | 116     |
| Unusual or infrequent item - earthquake (see note X)  |         |
| Grant revenues  | 65      |
| Emergency response and clean-up   | (100)   |
| Net effect of unusul or infrequent item   | (35)    |
| Increase (decrease) in net position   | 81      |
| Net position - beginning of year  | 102     |
| Net position - end of year  | \$ 183  |

Operating  
income (loss)

Noncapital (a.k.a., operating) subsidies

**NEW:** Operating income  
(loss) and *noncapital*  
subsidies

Nonoperating revenues (expenses)  
other than noncapital subsidies

Income (loss) before unusual or infrequent items,  
then those items, if applicable

Change in net position

# **GASB Statement 103**

## **Major Component Unit Presentation**

In the basic financial statements, governments should present each major component unit:

As a separate column on statements of net position and activities, if it does not reduce readability

As a separate combining statements of major discretely presented component units included in basic financial statements following the fund financial statements



# **GASB Statement 103**

## **Major Component Unit Presentation**

It is no longer an option to include condensed statements in note disclosures as previously allowed under *GASB 34, paragraph 128*

# GASB Statement 103

## Budgetary Comparison Information

- Changes to requirements for mandatory budgetary comparison schedules – Now must be presented as required supplementary information
  - The general fund
  - Major special revenue funds with legally adopted time-based (annual, biennial) budget
- No changes to supplementary budgetary comparison information in other supplementary information.



Required Supplementary Information  
Sample City  
Budgetary Comparison Schedule  
Public Safety and Transportation Special Revenue Fund  
for the Year Ended June 30, 20X5  
(amounts expressed in thousands)

|  | Budgeted Amounts |           | Variance with<br>Original Budget—<br>over (under)<br>Final Budget | Actual Amounts<br>Budgetary (and<br>GAAP)<br>Basis | Variance with<br>Final Budget—<br>over (under)<br>Actual Amounts |
|--|------------------|-----------|---|--|--|
|  | Original         | Final     |   |  |  |
| <b>BUDGETARY REVENUES</b>                  |                  |           |   |  |  |
| Taxes                                      | \$ 49,825        | \$ 49,825 | \$ -  | \$ 51,442  | \$ 1,617   |
| Intergovernmental                          | 29,750           | 29,750    | -   | 30,337   | 587  |
| Charges for services                       | 6,720            | 6,720     | -   | 6,848  | 128  |
| Investment earnings                        | 1,900            | 1,900     | -   | 2,295  | 395  |
| Total budgetary revenues                   | 88,195           | 88,195    | -   | 90,922   | 2,727  |
| <b>BUDGETARY EXPENDITURES</b>              |                  |           |   |  |  |
| Current:                                   |                  |           |   |  |  |
| General government                         | 13,665           | 15,305    | 1,640   | 15,083   | (222)  |
| Public safety                              | 58,000           | 58,250    | 250   | 58,452   | 202  |
| Public works                               | 16,265           | 16,945    | 680   | 16,934   | (11)   |
| Total budgetary expenditures               | 87,930           | 90,500    | 2,570   | 90,469   | (31)   |
| Net change in fund balances                | 265              | (2,305)   | 2,570   | 453  | 2,758  |
| Budgetary fund balance—beginning of period | 4,024            | 4,024     | -   | 4,024  | -  |
| Budgetary fund balance—end of period       | \$ 4,289         | \$ 1,719  | \$ 2,570  | 4,477  | \$ 2,758   |
| <b>RECONCILIATION TO GAAP BASIS</b>        |                  |           |   |  |  |
| Total fund balance GAAP basis              |                  |           |   | \$ 4,477   |  |

Same old  
stuff

NEW!

Required Supplementary Information  
Note to Budgetary Comparison Schedules  
(amounts expressed in thousands)

Note A—Actual Budget Results

|  | General Fund<br>over (under) | Public Safety<br>and<br>Transportation<br>Fund<br>over (under) |
|--|------------------------------|--|
| <b>BUDGETARY REVENUES</b>  |                              |  |
| Differences—final budget to actual:  |                              |  |
| The City experienced an increase in revenue for taxes from budgeted amounts primarily due to the opening of the new shopping center 3 months earlier than expected.  | \$ 4,170                     | \$ 1,617   |
| Actual amounts of interest revenue exceeded budgeted amounts as the City saw higher interest rates than expected.  | 1,692                        | 395  |
| <b>BUDGETARY EXPENDITURES</b>  |                              |  |
| Differences—original budget to final budget:   |                              |  |
| The original budget was amended for public safety as the new police station #453 was completed 7 months behind schedule. The original budget included salaries and benefits for new officers and administrative staff, in addition to noncapital building expenditures. Station #453 will be opening in the next fiscal year, and these expenditures have been included in the next year's budget. | \$ (2,526)                   | \$ -   |
| <b>UNUSUAL OR INFREQUENT ITEM</b>  |                              |  |
| Differences—original budget to final budget:   |                              |  |
| The City experienced flood damage during the current fiscal year. During the year, the City increased the original budget to account for the State grants received to address the flood damage.  | \$ 2,500                     | \$ -   |
| During the year, the City increased the original budget to account for the spending required to address the flood damage.  | (10,000)                     | -  |

Entities will need to provide discussions similar MD&A

IMPORTANT: Example is a tabular format example – GASB specifically notes that a paragraph format or similar is also acceptable.



# **GASB Statement 103**

## **Statistical Section**

### **Financial Trends Information**

In the statistical section of separately issued financial reports, governments engaged **ONLY** in business-type activities or **ONLY** in business-type and fiduciary activities should present:

**Revenues by major source for their  
business-type activities**

**Distinguish between operating, noncapital  
subsidy, and other nonoperating revenues  
and expenses**

# GASB Statement 103

## Implementation for Component Units

- GASB 103 should be implemented in the same year by a primary governments and all the component units of the primary government
  - This is most important in the case where separate statements are being issued for the component unit with a different fiscal year end and those statements are issued prior to the primary government's audit report (Example: certain Road Commissions).

# GASB 103 Takeaways



This WILL change the structure of financial statements in a fashion that will require a significant time investment to update.



If your firm helps with financial statement preparation, make sure both parties agree in principle on how to implement – ESPECIALLY for ACFRs.



Consider the added time for financial statement preparation as part of planning process for audit preparation.



Where there is time – mock-up changes early to provide time for review and feedback especially for MD&A / RSI



For entities with Proprietary funds take time to review presentational changes especially with respect to subsidies.

## Polling Question #3

What aspect of GASB 103 do you expect to find most challenging to implement?

- Changes to Management's Discussion and Analysis (MD&A)
- Presentation of proprietary fund financial statements
- Budgetary comparison information requirements
- Major component unit presentation





# ***GASB 104: Disclosure of Certain Capital Assets***

# GASB Statement 104

## Summary of the Standard

The requirements of this statement are effective for fiscal years beginning after: June 15, 2025, and all reporting periods thereafter.

Will be effective for periods ending:

June 30,  
2026

Sept. 30,  
2026

Dec. 31,  
2026

Mar. 31,  
2027



# **GASB Statement 104**

## **Disclosure of Certain Capital Assets**

- Will require separate disclosure of certain capital assets (primarily: right to use from GASB: 87/94/96) This might change financial statement presentation if:
  - If government displays capital assets by major classification on face of position statements
  - If government displays capital assets by major classification on face of statement and reports "capital assets held for sale" as a separate major classification of capital assets
  - If governments were not reporting capital-type assets held for sale as capital assets
- New rules for Capital Assets Held for sale (more careful definition of "Held for Sale")
  - Could potentially have a substantial impact for those entities that currently report "Land Held for Sale" as an asset similar to "Inventory" or sometimes categorized as "Property Inventory" on the governmental funds balance sheet.



# **GASB Statement 104**

## **Disclosure of Certain Capital Assets**

Capital assets are held for sale if

- The government has decided to pursue the sale of the asset, and
- It is probable (likely to occur) that the sale will be finalized within one year of the financial statement date

Evaluate each reporting period

# **GASB Statement 104**

## **Disclosure of Certain Capital Assets**

Factors to consider (non-exhaustive list) to assess probability that sale will be finalized within one year

Extent to which the asset is available for sale in its present condition

Extent to which the government is actively seeking a buyer, such as by putting the asset out for bid

Current and anticipated market conditions for selling the type of asset

Whether approval is needed from regulators (and the likely timeframe for that approval)



## **GASB 105: *Subsequent Events***

# **GASB Statement 105**

## **Subsequent Events**

Applicable for fiscal years beginning on or after June 15, 2026 (practically speaking, this means years ending June 30, 2027 and later).

Creates a new  
requirement for  
subsequent event  
disclosures in the  
footnotes.

Defines  
Recognized and  
Nonrecognized  
events

Defines rules for  
note disclosures



# GASB Statement 105

## Subsequent Events

### Required Date of Evaluation for GASB 105 Note Disclosure

GASB 105 requires governments to disclose the specific date through which subsequent events were evaluated. That date must reflect the point at which the financial statements were “available to be issued.”

- What does that mean?
- GASB 105 defines the required date as the date when BOTH conditions are met:
  - The financial statements are complete in form and format in accordance with GAAP, and
  - All approvals necessary for issuance have been obtained.
- This replaces the previously undefined concept of an “issuance date.”

# GASB Statement 105

## Subsequent Events

**Recognized events** are subsequent events that **provide evidence about conditions that existed at the financial statement date**. These events give additional information about estimates or situations that **already existed at year-end**, and therefore **require adjustment of the financial statements**.

GASB describes recognized events as:

- Events that **provide evidence of conditions that existed at the financial statement date** and inform accounting estimates reported as of that date.

Example from GASB guidance:

- A major customer's bankruptcy shortly after year-end may indicate deteriorating financial conditions that **already existed** at the reporting date, meaning receivables should be adjusted.

**Bottom line:**

- **Recognized = adjust the numbers.**
- **The event confirms conditions that were already in place at year-end.**



# GASB Statement 105

## Subsequent Events

**Non-recognized events** are subsequent events that **arise after the financial statement date** and do **not** relate to conditions that existed at year-end. These events **do not require adjustments** to the financial statements, but **must be disclosed** if they are significant to users.

GASB guidance confirms:

- Non-recognized events are those that **do not speak to prior conditions** but still **matter to financial statement users** and therefore require disclosure.
- Examples include:
  - Debt issuances
  - Government combinations or disposals of operations
  - Changes in the reporting entity's structure

**Bottom line:**

- Non-recognized = disclose only (no adjustment).
- The event reflects new conditions arising *after* year-end.

# GASB Statement 105

## Subsequent Events


| Category              | What it means                               | Financial Statement Impact                        |
|-----------------------|---|---|
| Recognized Events     | Evidence of conditions existing at year-end | <b>Adjust</b> amounts in the financial statements |
| Non-recognized Events | New conditions arising after year-end       | <b>Disclose</b> in notes only (no adjustment)     |

# **GASB Statement 105**

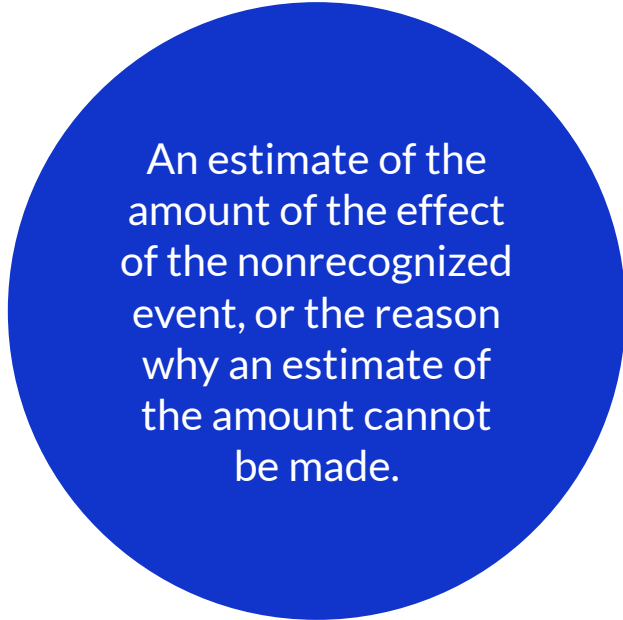
## **Subsequent Events**

### **Notes to Financial Statements**

The following information should be disclosed about a nonrecognized event:



A description of the  
nonrecognized event  
and its effect



An estimate of the  
amount of the effect  
of the nonrecognized  
event, or the reason  
why an estimate of  
the amount cannot  
be made.



# **GASB Project Timelines**

# **GASB Project Timelines**

## **Understanding the GASB Work Project Timeline**

- **Pre-Agenda Research**
- **Added to Agenda**
- **Initial Deliberations**
  - Comment period (120 days)
  - Invitation to comment re-deliberations
- **Preliminary Views**
  - Comment period (120 days)
  - Invitation to comment re-deliberations
- **Exposure Draft**
  - Comment period (120 days)
  - Invitation to comment re-deliberations
- **Final Pronouncement**

# GASB Project Timelines

## Current Projects

| Standard Setting  | Next Milestone | Expected Date |
|---|----------------|---------------|
| <a href="#">Going Concern Uncertainties and Severe Financial Stress</a> | Exposure Draft | 2Q2027        |
| <a href="#">Implementation Guidance Update—2026</a>                     | Exposure Draft | 1Q2026        |
| <a href="#">Infrastructure Assets</a>                                   | Exposure Draft | 1Q2026        |
| <a href="#">Revenue and Expense Recognition</a>                         | Exposure Draft | 1Q2027        |



# **GASB Project Timelines**

## **Going Concern Uncertainties and Severe Financial Stress**

*Status: Preliminary Views Comment Period (several tentative decisions reached at the October 21-22, 2025 meeting)*

The project will consider:

- 1** Improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate
- 2** Developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and
- 3** What information about a government's exposure to severe financial stress is necessary to disclose.

# GASB Project Timelines

## Going Concern Uncertainties and Severe Financial Stress

The High level:

Focus on the Relationship between  
Severe Financial Stress (SFS) and  
Probable Dissolution (PD)

Focus on current condition for SFS and  
future events for PD

Will ask governments to internally  
evaluate Timing and Insolvency for SFS

Will ask governments to assess PD for  
the PG and each blended component  
unit.



# **GASB Project Timelines**

## **Implementation Guidance Update - 2026**

*Status: Expected in Q1 of 2026*

*The 2026 update project is focused solely on issues related to subsidies as defined in Statement No. 103, Financial Reporting Model Improvements.*

# GASB Project Timelines

## Infrastructure Assets

*Status: Preliminary Views – Redeliberation (several tentative decisions reached at the September 29, 2025 meeting)*

The project will consider:

1

Comparability and consistency of infrastructure asset reporting

2

Usefulness of infrastructure asset information

3

Relevance to economic condition

4

Capacity of assets to provide service over time

# GASB Project Timelines

## Infrastructure Assets

The High level:

Modified approach for infrastructure assets still allowed

Would require a documented assessment of conditions and record information related to estimates

Would add four additional disclosures around accounting policies, useful lives of assets, preservation and maintenance expenditures, policy for monitoring and maintenance of preserving infrastructure assets

Would require a 10 year schedule of maintenance in RSI

# GASB Project Timelines

## Revenue and Expense Recognition

*Status: Preliminary Views – Redeliberation (several Tentative Decisions Reached at the December 9–10, 2025 Meeting)*

The project will consider:

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

4

Assessment of existing and proposed guidance based on the conceptual framework.



# GASB Project Timelines

## Revenue and Expense Recognition

The High level:

Would be a significant shift in revenue recognition principles

Would give careful and updated guidance on categorizing revenue streams and a complete framework for revenue recognition outside “Exchange” and “Non-Exchange” which currently exists.

Would change existing guidance on period of availability

# GASB Project Timelines

## Revenue and Expense Recognition

| Category A  | Category B  |
|---|---|
| Fees for specific services (water, electricity, lottery, tuition) | Taxes (property tax, income tax, sales tax)   |
| Expenditure-driven grants   | Purpose-restricted grants (and donations)   |
| Research grants and revolving loans                               | Donations (unrestricted donations, pledges, perpetual trusts)   |
| Medicaid fees for services  | Punitive fees (fines, penalties, forfeitures)   |
| Most expenses   | Special assessments (capital and service)   |
|   | Regulatory fees (driver's licenses, building permits, marriage licenses, professional service licenses) |
|   | Capital fees (passenger facility charges, impact fees)  |

## Polling Question #4

What area of the GASB Project Timeline are you most interested in learning more about?

- Going Concern Uncertainties and Severe Financial Stress
- Infrastructure Assets
- Revenue and Expense Recognition
- Implementation Guidance Update



# 2026 Public Sector Webinar Series

## Beyond the Breach: Proactive Cybersecurity for the Public Sector

Date: Oct. 14

Panel Presentation

This webinar offers tailored solutions for public sector entities focused on optimizing risk management and empowering your operations.

## Future-Proof Your Organization: Strategies for Uncertain Times

Date: April 29

Presenters Panel Presentation

The public sector is an ever-changing landscape, and the departure or retirement of key staff in Finance, HR, and IT can pose significant challenges. Get actionable strategies to set up your organization for smooth transitions.

## 2026 Governmental GAAP Update

Date: Jan. 28

Presenter: Dan Merritt

A deep dive into 2026 accounting pronouncements and other implementation guidance from the Governmental Accounting Standards Board (GASB).

## 2025 Nonprofit Update

Date: Jan. 29

Panel Presentation

A deep dive into 2026 accounting pronouncements and other implementation guidance from the Financial Accounting Standards Board (FASB).

## 2026 Single Audit Update

Date: July 29

Presenter: Dan Merritt

Hear the latest updates on recent guidance provided by the Office of Management and Budget (OMB), the Government Accountability Office (GAO), the American Institute of CPAs (AICPA) and more.

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# Thank you for joining us!

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Questions?

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