
REPORT OF THE GASB CHAIR
October 1 through December 31, 2020

ITEM 1: STANDARDS-SETTING ACTIVITIES

A. FINAL PRONOUNCEMENTS ISSUED

No final pronouncements were issued during this period.

B. DOCUMENTS APPROVED/CLEARED FOR PUBLIC COMMENT

1. Exposure Draft, *Implementation Guidance Update—2021*.

C. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board reviewed and approved the technical plan for the first third of 2021 at its December 2020 meeting. The Board added a new practice-issue project to its current technical agenda at that time—Renaming the Comprehensive Annual Financial Report.

D. SIGNIFICANT TECHNICAL DECISIONS

1. Risks and Uncertainties Disclosures
 - a. The project scope should be limited to certain categories of risks and uncertainties disclosures: current vulnerabilities due to certain concentrations and the government’s environment.
 - b. The staff will conduct additional user outreach to inform whether risks or uncertainties related to significant estimates should be included in the scope of the project.
 - c. Disclosures should be required for categories of current vulnerabilities due to certain concentrations and the government’s environment when the government determines that it is “reasonably possible” that an event associated with the risk or uncertainty will occur 12 months beyond the financial statement date or shortly thereafter (3 months) and that event will have a “substantial impact” within 2 to 3 years of the date of the financial statements.
2. Compensated Absences

- a. After considering user outreach feedback, the Exposure Draft will include a proposal to amend the current guidance to only require that the net change in the compensated absences liability for the reporting period be disclosed.
- b. The Exposure Draft also will include a proposal that would result in the elimination of the requirement to disclose the governmental funds that typically have been used to liquidate the compensated absences liability.

3. Prior-Period Adjustments

- a. For changes in accounting principle other than the implementation of a new pronouncement, the Exposure Draft will include a proposal that, in addition to the quantitative effect on beginning balances that is proposed to be disclosed as part of the reconciliation disclosure discussed previously, disclosures for this category include: (a) the nature of the change in accounting principle, including a description of the line items affected and (b) the reason for the change in accounting principle, including an explanation of why the change in accounting principle is preferable.
- b. For changes to or within the reporting entity, the Exposure Draft will include a proposal that, in addition to the quantitative effect on beginning balances that is proposed to be disclosed as part of the reconciliation disclosure discussed previously, the nature of and reason for the change to or within the reporting entity be disclosed.
- c. For correction of an error, the Exposure Draft will include a proposal that, in addition to the quantitative effect on beginning balances that is proposed to be disclosed as part of the reconciliation disclosure discussed previously, disclosure for this category include: (a) the nature of the error, including a description of the line items affected and the periods that the error affected and (b) the effect of the error correction on the change in net position, fund net position, or fund balance, as applicable, of the prior period.

E. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. The Board and staff participated in liaison-type activities with the following organizations:
 - a. American Institute of Certified Public Accountants Accounting Issues Task Force

- b. Healthcare Financial Management Association
 - c. The staff observed the meetings of the Federal Accounting Standards Advisory Board.
2. The GASB Chair and staff participated in the following project-specific outreach activities:
- a. American Institute of Certified Public Accountants Technical Issues Committee virtual meetings
 - b. American Institute of Certified Public Accountants State and Local Government Expert Panel virtual meeting
 - c. National Federation of Municipal Analysts Disclosure Committee
 - d. National State Auditors, Comptrollers and Treasurers Committee on Accounting, Reporting and Auditing

F. INTERNATIONAL ACTIVITIES

1. The staff participated in an October virtual meeting of the Canadian Public Sector Accounting Board.
2. Professional development session with the current International Public Sector Accounting Standards Board (IPSASB) director and past IPSASB director was held in December.

ITEM 2: PRE-AGENDA RESEARCH

A. CHANGES TO THE GASB PRE-AGENDA RESEARCH

1. The Board reviewed and approved the technical plan for the first third of 2021 at its December 2020 meeting. No new pre-agenda research activities were initiated at that time.

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff continued the literature review and archival analysis as part of the pre-agenda research on capital assets. The staff began to develop an interview protocol and advance materials for the initial round of interviews with industry experts and identified potential interviewees.
2. The staff developed an interview protocol and advance materials for interviews of preparers regarding their experience preparing GAAP-based interim financial reports. The staff began conducting interviews in November.
3. The staff concluded a survey of auditors as part of the pre-agenda

research on Investment Fees. The staff also conducted outreach meetings with stakeholder organizations.

4. The staff conducted a survey of preparers as part of the pre-agenda research on Nonfinancial Assets. The staff also developed protocols for archival analysis and began development of a survey instrument regarding user information needs.
5. The staff continued the archival analysis examining the financial statements for years preceding a government's known event of severe financial stress, such as filing for bankruptcy or defaulting on debt payments. The GASB awarded a research grant to external researchers related to identifying and measuring severe financial stress.

ITEM 3: POST-IMPLEMENTATION REVIEW

A. PENSIONS (STATEMENTS 67 AND 68)—Stage Two

1. The staff continued to collect financial reports from the sample of small governments (between \$5 million and \$10 million of annual revenue) and to conduct archival analysis on them.
2. The staff began to draft a summary of the stage two archival research, including a comparison with the results of the implementation-year analysis.

B. FAIR VALUE (STATEMENT 72)—Stage Two

1. Stage one research findings were reviewed by the GASB senior research manager.
2. Implementation and effort survey and archival research planning began for stage two.

C. OTHER POSTEMPLOYMENT BENEFITS (STATEMENT 75)—Stage One

1. The staff completed the collection of financial reports for the sample of phase 3 governments with annual revenue between \$5 million and \$10 million and began the archival analysis of the reports for the pre-implementation and implementation years.
2. The staff continued to collect cost and effort surveys. As of December 31, 2020, 39 volunteers had completed the surveys.

D. FIDUCIARY ACTIVITIES (STATEMENT 84)—Stage One

1. The staff continued to recruit volunteers from the random sample and governments in general to participate in the PIR. As of December 31, 2020, 110 volunteers have been confirmed.
2. The staff continued development of draft cost surveys for implementation and post-implementation years and archival protocols.

E. LEASES (STATEMENT 87)—Stage One

1. The staff continued to recruit volunteers from the random sample and governments in general to participate in the PIR. As of December 31, 2020, 116 volunteers have been confirmed.
2. The staff developed draft cost surveys for the pre-implementation, implementation, and post-implementation years.

ITEM 4: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. EDUCATIONAL WEBCASTS AND VIDEOS/PODCASTS DELIVERED

1. Webcasts:
 - a. The staff conducted a joint webinar for academics that teach or conduct research on governmental and not-for-profit accounting.
 - b. The staff conducted three webinars for preparers and auditors on the Preliminary Views issued for the Revenue and Expense Recognition project. The staff also conducted a webinar oriented to users.
 - c. The staff conducted two webinars on the Exposure Draft issued for the Financial Reporting Model Reexamination project—one for preparers and auditors and one for users.
2. Videos and Podcasts:
 - a. GASB Chair and project team members provided an overview of the Exposure Draft for the Financial Reporting Model Reexamination project.
 - b. Project team members discussed aspects of the Financial Reporting Model Reexamination Exposure Draft in three videos:
 - i. Recognition in Governmental Funds
 - ii. Management's Discussion and Analysis
 - iii. Proprietary Funds.

B. GASB OUTLOOK

1. An issue of GASB Outlook was published in November 2020 and featured (1) a message from GASB Chair about what he learned from his first listening tour with stakeholder organizations; (2) an interview with new Board member Dianne Ray; (3) articles providing updates on the Financial Reporting Model Reexamination project and the Revenue and Expense Recognition project; and (4) an article highlighting due process documents expected in late 2020 or the first half of 2021 for the Implementation Guidance Update—2021, Compensated Absences, and Prior-Period Adjustments projects.

C. SPEECHES DELIVERED

1. Board or staff members delivered virtual speeches at the following conferences and events:
 - a. Alabama Society of Certified Public Accountants
 - b. American Association of Airport Executives
 - c. American Institute of Certified Public Accountants
 - d. Arkansas Department of Finance and Administration
 - e. Association of Government Accountants—Atlanta Chapter
 - f. Association of Government Accountants—Central Kentucky Chapter
 - g. Association of Government Accountants—Central Ohio Chapter
 - h. Association of Government Accountants—Charleston, WV Chapter
 - i. Association of Government Accountants—Maine Chapter
 - j. Association of School Business Officials
 - k. California State Controller’s Office
 - l. Colorado Society of Certified Public Accountants
 - m. Council of Development Finance Agencies
 - n. Georgia Government Finance Officers Association
 - o. Illinois Government Finance Officers Association
 - p. National Federation of Municipal Analysts
 - q. Native American Finance Officers Association
 - r. Public Pension Financial Forum
 - s. Rhode Island Accountants and Auditors Institute

- t. Rutgers University
- u. State of Tennessee Division of Accounts
- v. Water Infrastructure Division, EPA

D. PRESS RELEASES, MEDIA ADVISORIES, AND SOCIAL MEDIA

1. The following GASB-related press releases and media advisories were issued:
 - a. GASB Hosting Series of CPE Webinars on the Preliminary Views, *Revenue and Expense Recognition*
 - b. GASB Hosting Series of CPE Webinars on the Exposure Draft, *Financial Reporting Model Improvements*
 - c. GASB Proposed New Implementation Guidance to Assist Stakeholders with Application of Its Pronouncements.

E. OTHER COMMUNICATIONS ACTIVITIES

1. Media Outreach
 - a. The GASB chair and staff participated in numerous interviews with media.

ITEM 5: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES (OTHER THAN THOSE PRESENTED IN OTHER SECTIONS):

1. The GASAC members discussed and provided feedback on the GASB's mission and goals to inform the GASB chair's participation in the FAF strategic planning effort.
2. The project pages on the GASB website were updated to include minutes and tentative Board decisions from the Board's meetings on September 29, October 20–22, November 9, and December 1–3, 2020.

B. ADMINISTRATIVE MATTERS:

1. The GASB continued the search for a new director of research and technical activities (hiring of incoming director was announced in January 2021).
2. The staff virtually attended FAF-sponsored training courses.

ITEM 6: FEDERAL GOVERNMENT, REGULATORY LIAISON ACTIVITIES

A. MEMBERS OF CONGRESS, AND THE ADMINISTRATION AND THEIR STAFFS

1. EPA Water Infrastructure Division presentation.

ITEM 7: FAF/FASB/GASB INTERACTION

A. GASB MEETING MINUTES

1. Shared with the FASB technical director.

B. MEETINGS

1. The FASB and GASB chairs and their respective directors held their quarterly meeting to discuss technical issues and other matters of mutual interest.
2. The GASB and FASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest.
3. The GASB staff met with the FASB/FAF staff to discuss the following projects or issues:
 - a. CV&E project
 - b. Communication with stakeholders
 - c. FAF Committee for Community Outreach and Activities
 - d. FAF Diversity and Inclusion Committee
 - e. FAF workplace study
 - f. The GASB staff met with the FASB staff to discuss the implications of the extension of the deadline for publication of LIBOR; and to prepare for the joint webinar for government and not-for-profit academics
 - g. Staff development sessions
 - h. Joint webinar for government and not-for-profit academics.

C. THE GASB STAFF DISTRIBUTED THE FOLLOWING DRAFTS FOR THE FASB'S REVIEW

1. Preballot draft of an Exposure Draft of an Implementation Guide, *Implementation Guidance Update—2021*

2. Preballot draft of an Exposure Draft, *Compensated Absences*.

D. THE FASB STAFF DISTRIBUTED THE FOLLOWING DRAFTS FOR THE GASB'S REVIEW

1. Accounting Standards Update, *Financial Services—Insurance (Topic 944): Effective Date and Early Application*
2. Accounting Standards Update, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*
3. Accounting Standards Update and Proposed Accounting Standards Update, *Reference Rate Reform (Topic 848): Scope*
4. Proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*
5. Proposed Accounting Standards Update, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*.

GASB Technical Plan: Overview (As of 12/31/20)
Current Technical Agenda

Project	Issued		To Be Issued		
	ITC/PV	ED	ITC/PV	ED	Final
Conceptual Framework:					
Disclosure Framework ●	—	2/20	—	—	2Q21
Recognition ●	6/11; 9/18	6/20	—	—	2Q22
Comprehensive Projects:					
Financial Reporting Model ●	12/16; 9/18	6/20	—	—	2Q22
Revenue and Expense Recognition ●	1/18; 6/20	—	—	2Q23	1Q25
Practice Issues:					
Compensated Absences ●	—	—	—	1Q21	4Q21
Omnibus ●	—	—	—	3Q21	2Q22
Prior-Period Adjustments, Accounting Changes, and Error Corrections ●	—	—	—	2Q21	2Q22
Renaming the Comprehensive Annual Financial Report ●	—	—	—	2Q21	4Q21
Risk and Uncertainties Disclosures ●	—	—	—	4Q21	4Q22
Implementation Guidance:					
Update ●	—	11/20	—	—	2Q21

- Within benchmark
- May not be completed within current benchmark
- Outside benchmark

GASB Technical Plan: Overview (As of 12/31/20)
Pre-Agenda Research

<u>Research Activities</u>
Capital Assets
Going Concern Disclosures—Reexamination of Statement 56
Interim Financial Reporting
Investment Fees
Nonfinancial Assets