

January 1, 2025 – March 31, 2025



ITEM 1: SUMMARY OF THE QUARTER

The start of 2025 saw three of the Board's five ongoing standard-setting projects have documents out for public comment. The first of those comment periods to come to an end related to our Preliminary Views, *Infrastructure Assets*, on which we received comments from 66 separate organizations or individuals. The Board held 3 public hearings and 1 user forum in which 24 stakeholder organizations participated in a dialogue with the Board regarding their views on the Board's proposal. The comment period also concluded on an Exposure Draft of proposed implementation guidance, *Implementation Guidance Update—2025*. Based on the feedback received, the Board agreed with the technical staff's proposal to remove 3 of the 19 originally proposed new questions and answers and also agreed to certain clarifying edits. The final document on which we received public comment was an Exposure Draft of a proposed Statement, *Subsequent Events*. The Board received 25 comment letters and will begin consideration of those comments and redeliberation of the proposal in April.

At the conclusion of the quarter, the Board approved the issuance of a document for public comment that expresses the preliminary views of the Board on major issues related to our project on going concern uncertainties and severe financial stress. As discussed in the Preliminary Views, *Severe Financial Stress and Probable Dissolution Disclosures*, the Board seeks to separate the notions of financial stress and continued existence. Rather than use the term *going concern*, the proposal uses the separate terms *financial stress* and *probable dissolution* to distinguish between the two notions. The document has a public comment period of over 90 days with comments being due by June 30, 2025. Once the comment period ends, a series of public forums will be conducted to allow the Board to obtain additional information from interested individuals and stakeholders.

In March, the Board received input from members of the GASAC during their annual discussion of technical plan priorities. The following six topics were ranked as being the highest priorities among all of the GASB's research activities, monitoring activities, and potential standard-setting topics: (1) cybersecurity risk disclosures, (2) governmental fund financial statement improvements, (3) digital assets, (4) the financial reporting entity, (5) revenue and expense recognition note disclosures, and (6) GAAP structure. Among those topics, cybersecurity risk disclosures, revenue and expense recognition note disclosures, and GAAP structure are in our technical plan as pre-agenda research activities. We continued to monitor the impact of digital assets, and the Board will consider the other topics prioritized by the GASAC as we look toward any potential changes in the technical plan in 2025.

Finally during the quarter, we completed the post implementation review of Statement No. 72, *Fair Value Measurement and Application*, and the Board approved clarifying edits to our Rules of Procedure.

ITEM 2: CURRENT TECHNICAL AGENDA AND RELATED ACTIVITIES

The GASB establishes and improves standards of governmental accounting and financial reporting for the purpose of providing information to municipal bond analysts and others in the government investment community, legislators, the citizenry, and other users that is important for making decisions and assessing accountability. Standard-setting projects on the GASB’s current technical agenda are identified based on established criteria related to significance, pervasiveness, feasibility, and cost-benefit considerations. The GASB is advised in its agenda setting by the GASAC, which provides input on technical plan priorities and feedback on individual potential standard-setting topics throughout the year.

The following table summarizes the Board’s standard-setting activities for the first quarter of 2025:

Number of Projects/Research Activities/Post-Implementation Reviews (PIRs)						
	As of Dec 31 '24	Added	Removed	Final Documents Issued	As of Mar 31 '25	Due Process Documents Issued
Conceptual Framework	–	–	–	–	–	–
Comprehensive Projects	1	–	–	–	1	–
Major Projects	2	–	–	–	2	1
Practice-Issue Projects	2	–	–	–	2	–
Technology Projects	1	–	–	–	1	–
Pre-Agenda Research	3	–	–	–	3	–
Other Research	1	–	–	1	–	–
Post-Implementation Reviews	4	–	–	1	3	–
Total	14	–	–	2	12	1

Current Technical Agenda

The start of 2025 saw three of the Board’s five ongoing standard-setting projects have documents out for public comment.

The first of those comment periods to come to an end related to our Preliminary Views, *Infrastructure Assets*, with our 110-day comment period concluding on January 17, 2025. We received comments from 66 separate organizations or individuals from 33 preparer organizations, 22 audit organizations, and 11 user or practitioner stakeholders. In February, the Board held a series of 3 public hearings in which 17 organizations participated in a dialogue with the Board regarding their comments on the Board’s proposal. Additionally, the Board participated in a user forum with seven individuals with user backgrounds to discuss their views on the accounting and disclosure changes the Board is considering. All of this input will inform the Board as it begins redeliberation on the project in April.

The next document out for exposure—an Exposure Draft of proposed implementation guidance, *Implementation Guidance Update—2025*, had a 70-day comment period that concluded on January 24, 2025-. The Board received 24 comment letters and considered this feedback at its March meeting. Based on the feedback received, the Board agreed with the technical staff’s proposal to remove 3 of the originally proposed 19 new questions and answers and also agreed to edits to several of the remaining questions and answers to improve clarity. The questions and answers cover a range of topics, focused primarily on those that provide assistance with the implementation of recently issued

pronouncements, in particular Statements No. 100, *Accounting Changes and Error Corrections*; No. 101, *Compensated Absences*; and No. 103, *Financial Reporting Model Improvements*. At the March meeting, the Board did not object to the staff bringing a preballot draft of the implementation guide update to the April meeting.

The final document that was out for public comment was an Exposure Draft of a proposed Statement, *Subsequent Events*. The document had a public comment period of almost 100 days, which concluded on February 21, 2025. The Board received 25 comment letters and will begin consideration of those comments and redeliberation of the proposal at the April meeting.

At the conclusion of the first quarter, the Board approved the issuance of a document for public comment that expresses the preliminary views of the Board on major issues related to our project on going concern uncertainties and severe financial stress. Our pre-agenda research on the existing going concern literature showed that stakeholders were unclear on what going concern means in the government context, especially because many governments cannot legally cease to exist. As discussed in the Preliminary Views, *Severe Financial Stress and Probable Dissolution Disclosures*, the Board seeks to separate the notions of financial stress and continued existence. Rather than use the term *going concern*, the proposal uses the separate terms *financial stress* and *probable dissolution* to distinguish between the two notions. Severe financial stress guidance would focus on a government's financial condition, regardless of whether there is uncertainty about its continued existence. The probable dissolution guidance would focus on the uncertainty about a government's continued existence, regardless of its financial condition. If a government meets either the severe financial stress or the probable dissolution disclosure requirement, the government would be required to make certain disclosures. The document has a public comment period of over 90 days with comments being due by June 30, 2025. Once the comment period ends, a series of public forums will be conducted to allow the Board to obtain additional information from interested individuals and stakeholders.

In the Revenue and Expense Recognition project, the Board continued deliberations on recognition attributes and criteria for category A transactions (those with performance obligations). During the first quarter, this work primarily related to when performance obligations are satisfied.

While not a standard-setting project, another important project of the Board is the Voluntary Digital Financial Reporting project. As noted last quarter, this is a new type of project for the GASB, one that focuses on technology. This project started as part of our monitoring of electronic financial reporting, which has consistently been the highest ranked priority by the GASAC during its annual discussions of the GASB's technical plan priorities. The objective of this project is to develop a digital taxonomy for governmental financial reporting to enable governments to voluntarily consider alternative digital technologies that can provide for easier extraction of government financial information by the users of government financial reports. Also, a digital taxonomy can support the GAAP reporting requirements of the GASB. Work on the taxonomy has been ongoing; for some time while we considered what was feasible for the GASB to do in this area and ensured that we had a clear path forward. Movement of the project to its status as an individual technology project identifies our belief that we have a solid path forward and our continued intention to develop a GASB taxonomy. The development of our GASB GAAP digital taxonomy will be structured into two phases. Phase I includes the development of data standards for basic financial statements (including notes to financial

statements) and required supplementary information (RSI). Phase II includes the development of data standards for supplementary information. During the first quarter, the Board received updates and provided feedback to the staff on data modeling approaches for unstructured data and the development of taxonomy modules applicable to RSI and application to the pension and other postemployment benefits reporting requirements.

In March, the Board received input from members of the GASAC during their annual discussion of technical plan priorities. The following six topics were ranked as being the highest priorities among all of the GASB's research activities, monitoring activities, and potential standard-setting topics:

- Cybersecurity risk disclosures
- Governmental fund financial statement improvements
- Digital assets
- Financial reporting entity
- Revenue and expense recognition— related note disclosures
- GAAP structure.

Among those topics, cybersecurity risk disclosures, revenue and expense recognition—note disclosures, and GAAP structure are in our technical plan as pre-agenda research activities. Digital assets is also a monitoring activity within the current technical plan as we seek to understand how the prevalence and usage of digital assets evolves for state and local governments. As our understanding progresses, we evaluate the use of digital assets, along with the application of our current guidance to those use cases, in order to determine how we can best assist our stakeholders in determining the appropriate accounting, including whether we need to initiate a standard-setting project or provide implementation guidance. The Board will continue to consider the other topics prioritized by the GASAC as we look toward any potential changes to the technical plan in 2025.

The Board approved changes to the GASB's Rules of Procedure, Section IV, Operating Procedures of the Governmental Accounting Standards Board. The changes were edits clarifying the treatment of meetings of task forces and consultative groups, differentiating between such meetings with the Board and meetings with the staff.

During the first quarter, the GASB released the results of our study of the utilization of generally accepted accounting principles (GAAP) by state and local governments in the United States. The study identifies and categorizes state-imposed financial requirements for state, county, municipal, and special district governments. In addition, the study includes a statistical model of the determinants of GAAP choice in the absence of a state requirement to utilize GAAP. The study showed that 100% of states utilize GAAP, 74% of audited counties studied utilized GAAP, and 71% of audited municipalities studied utilize GAAP. The GASB staff's working paper is titled, "Financial Reporting Requirements for State and Local Governments: Evaluating GAAP Choice." Both the staff working paper and a high-level graphical summary of the results are available on the GASB website at www.gasb.org.

In February 2025, the GASB presented a final post-implementation review (PIR) report on Statement 72 to the Financial Accounting Foundation (FAF) Board of Trustees. That PIR is now considered complete, and the final results are included in a report on the GASB website at www.gasb.org. The PIR determined that Statement 72 resolved the primary issues underlying

the stated need for the standard and improved the reporting of complex fair value measurements. The PIR also determined that the expected benefits of the standard were achieved and exceeded the costs of implementation and continued application.

THE FOLLOWING ARE HIGHLIGHTS OF TENTATIVE DECISIONS MADE BY THE BOARD DURING THE QUARTER.

Project	Summary of Tentative Decisions and Milestones
Revenue and Expense Recognition	<p>Category A Transactions—Recognition Attributes:</p> <ul style="list-style-type: none"> • There are two modes for the transfer of control of goods or services—the transfer of control over time and the transfer of control at a point in time. • Governments should first determine whether the transfer of control occurs over time (by assessing the criteria). If the characteristics of the transaction fail the over-time criteria, the mode of transfer of control is at a point in time. • The assessment of the mode of transfer of control of goods or services should be made at the inception of the binding arrangement. • At least one of the following criteria identifies the transfer of control of goods or services over time: <ul style="list-style-type: none"> ○ A seller’s (government or counterparty) performance creates or enhances an asset that the customer (counterparty or government) controls as the asset is created or enhanced. ○ A seller’s (government or counterparty) performance creates an asset for the customer (counterparty or government) that does not have an alternative use to the seller and the seller has a right to payment for performance completed to date. <ul style="list-style-type: none"> ▪ The assessment of whether the performance of a seller (government or counterparty) creates an asset that does not have an alternative use should be made at the inception of the binding arrangement. ▪ When a seller (government or counterparty) creates an asset that has no alternative use, except to provide the asset to its customer (counterparty or government), it transfers control of the asset as it is created. ▪ In determining that the performance of a seller (government or counterparty) creates an asset that does not have an alternative use, either of the following should be identified: <ul style="list-style-type: none"> • A contractual provision that restricts the seller from directing the asset for another use or • A practical limitation on the seller’s ability to readily direct the asset in its completed state for another use.

	<ul style="list-style-type: none"> ○ A practical limitation exists if the seller who is performing would either: <ul style="list-style-type: none"> ▪ Incur significant costs to repurpose the asset for sale to another party or ▪ Forgo significant revenues when selling it to another party. ○ The identification of practical limitations for a seller to readily direct an asset for an alternative use should be made in the context of the asset in its completed form. ▪ A reassessment of whether the performance of a seller (government or counterparty) creates an asset that does not have an alternative use should only occur if a modification to the binding arrangement is agreed upon by the parties that changes the nature of the previously agreed-upon performance obligation. ▪ A right to payment for performance to date should be evaluated as an amount that a seller (government or counterparty) is entitled to that is proportionate to the seller’s performance completed to date if the contract is terminated by the customer (counterparty or government) or another party for reasons other than failure to perform. <ul style="list-style-type: none"> • The assessment of a right to payment for performance to date should be made within the context of the terms and conditions of the binding arrangement in conjunction with relevant laws and legal precedent. • Indicators to be used to assist governments in determining at which point in time a transfer of control of goods or services has occurred: <ul style="list-style-type: none"> ○ The seller has the right to receive consideration. ○ The customer has legal title to the asset. ○ The asset has been physically transferred to the customer. ○ The customer has accepted the asset. • The point in time at which a customer has significant risks and rewards associated with the ownership of an asset is not consistent with the performance obligation model and therefore should not be relied upon as an indicator of the transfer of control of goods or services.
<p>Going Concern Uncertainties and Severe Financial Stress</p>	<ul style="list-style-type: none"> • The Preliminary Views, <i>Severe Financial Stress and Probable Dissolution Disclosures</i>, was approved in March 2025.

Pre-Agenda Research

The GASB staff continued work on our pre-agenda research topics during the quarter. Significant activities during the first quarter were as follows:

Research Topic	Significant Activities
Cybersecurity Risk Disclosures	<ul style="list-style-type: none">• Pre-agenda research project approved in December 2024.• Performed research on types of cybersecurity risks and prevalence of such attacks through review of academic research and reports of oversight agency and the media.• Began research into reporting requirements for cybersecurity outside of GAAP requirements.
GAAP Structure	<ul style="list-style-type: none">• Continued exploring a single authority structure by researching other standard setters' structures and developing alternatives.
Revenue and Expense Recognition—Note Disclosures	<ul style="list-style-type: none">• Continued development of user survey materials with the objective of researching the need for note disclosure requirements associated with transactions that are in the scope of the ongoing Revenue and Expense Recognition project.

Post-Implementation Review

The GASB's PIR process has the following objectives:

1. To determine whether a standard is accomplishing its stated purpose
2. To evaluate the standard's implementation and continuing application costs and related benefits
3. To provide feedback to improve the standard-setting process (as opposed to recommending specific standard-setting actions).

In addition to the completion of the PIR on Statement No. 72, *Fair Value Measurement and Application*, the GASB staff continued the PIR of three pronouncements during the quarter. Significant activities were as follows:

Topic/Pronouncement	Significant Activities
Other Postemployment Benefits (Statement 75)	<ul style="list-style-type: none">• Preparing for surveys to be conducted with preparers, auditors, users, and plan administrators.
Fiduciary Activities (Statement 84)	<ul style="list-style-type: none">• Continued analysis of archival data collected through annual financial reports and of cost survey results.
Leases (Statement 87)	<ul style="list-style-type: none">• Continued collection of annual financial reports for archival analysis.• Continued to administer cost surveys for pre-implementation, implementation, and post-implementation years.

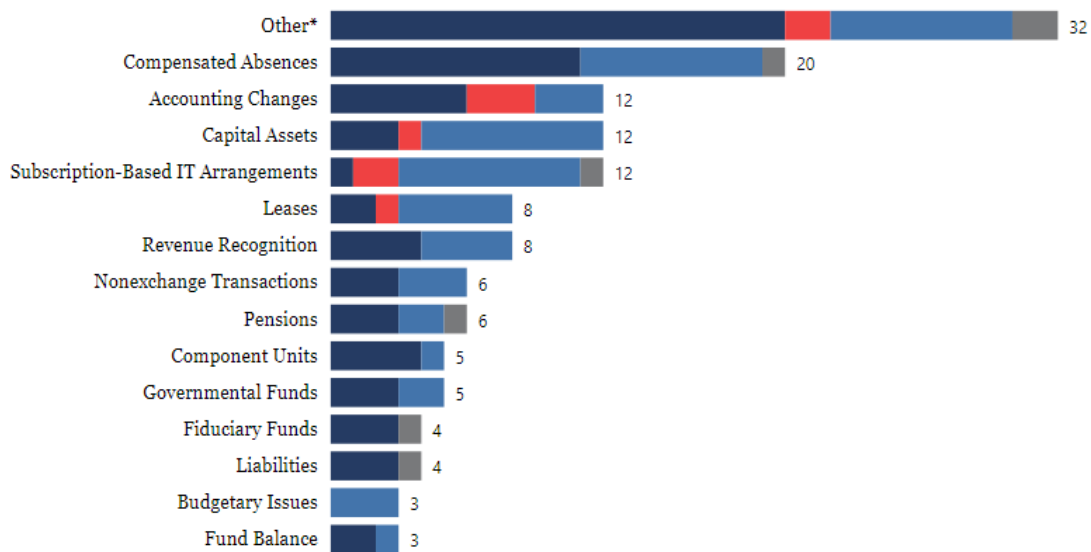
Implementation Support

During the period between the issuance of a pronouncement and its effective date (and even after the effective date), the GASB is active in providing support to stakeholders in understanding and applying the standards. In addition to communication and educational activities (see the section later in this report), implementation support takes two primary forms—publishing implementation guidance and answering technical inquiries from stakeholders.

The GASB staff resolved 140 technical inquiries during the first quarter of 2025 in addition to answering numerous other informational inquiries. The following graphs illustrate the topics addressed in the technical inquiries closed during the quarter and the stakeholder types that submitted those technical inquiries.

Technical Inquiries Received by Topic During Q1 2025

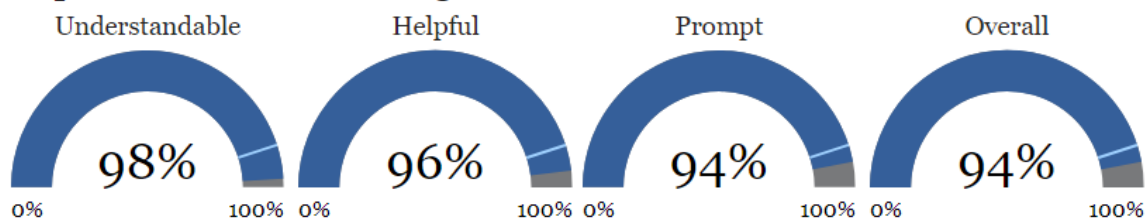
Stakeholder Type ● Auditor ● Practitioner ● Preparer ● User



* "Other" is defined as any topic about which less than 3 related inquiries were received during the quarter.

Stakeholders continued to rate the GASB staff's technical inquiry service very highly in the first quarter, exceeding the GASB's performance goals:

Inquirer Satisfaction During Q1 2025



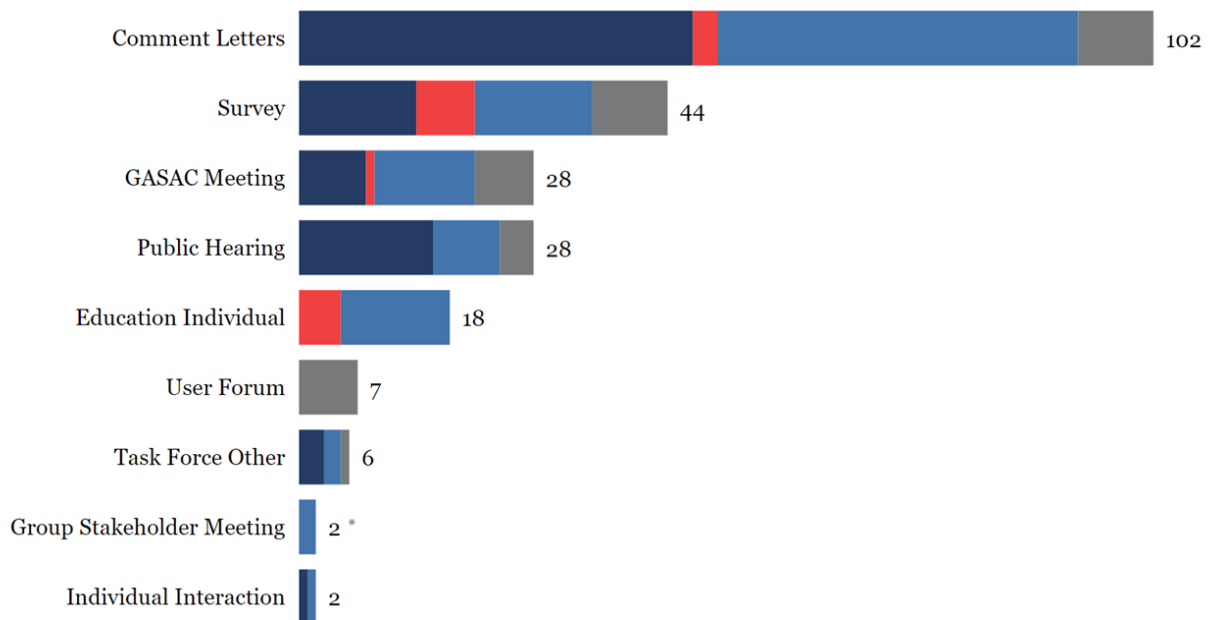
The GASB's goal is 90% in each category.

ITEM 3: STAKEHOLDER ENGAGEMENT

Throughout its pre-agenda research activities, current technical agenda projects, implementation support activities, and PIR activities, the GASB conducts extensive outreach to stakeholders to better understand the underlying issues; the technical challenges they present to governments and their auditors; and the costs and benefits associated with applying the standards, auditing the resulting financial reporting, and using the resulting information for making decisions and assessing accountability. The following graphs summarize who the GASB heard from as well as how we heard from the different stakeholder types during the first quarter of 2025:

Stakeholders Reached by Format During Q1 2025

Stakeholder Type ● Auditor ● Practitioner ● Preparer ● User













* Actual stakeholders reached is higher than reported as counts are not available from all meetings.

Stakeholders Reached by Designation During Q1 2025

Auditor		
Accounting firm		36
Professional group		33
State government		18
Internal auditor		1
Other auditor		1
Total		89

Practitioner		
Actuarial		12
Consultant		3
Private company		1
Total		16

Preparer		
Professional group		42
State government		17
Local government		16
College and university		7
Business-type activity		5
County government		4
School district		2
Retirement fund		1
Tribal government		1
Total		95

User		
Municipal bond industry		16
Academic		9
Citizen and advocacy		9
Local government		1
Other user		1
Professional group		1
Total		37

All Types of Stakeholders

Auditor		89
Practitioner		16
Preparer		95
User		37
Total		237

The GASB participated in liaison-type activities with the following organizations:

1. American Academy of Actuaries
2. American Accounting Association Government and Nonprofit Midyear Meeting
3. California Society of Municipal Finance Officers
4. Government Finance Officers Association of Illinois
5. Government Finance Officers Association—Accounting Auditing Financial Reporting Committee
6. National Association of College and University Business Officers (NACUBO)

The GASB chair or staff participated in project-specific outreach activities with the following groups:

- | | |
|--|---|
| 1. American Institute of Certified Public Accountants State and Local Government Expert Panel | 6. Revenue and Expense Recognition Task Force |
| 2. American Institute of Certified Public Accountants Not-for-Profit Conference Planning Committee | 7. Revenue and Expense Recognition Project Meeting—Topic 606 |
| 3. Federal Accounting Standards Advisory Board | 8. Sacred Heart University |
| 4. Mercy University | 9. Saint Thomas Aquinas |
| 5. National Association of State Comptrollers | 10. Securities and Exchange Commission |
| | 11. University of North Alabama |
| | 12. University of New Hampshire—Peter T. Paul College of Business and Economics |

ITEM 4: STAKEHOLDER EDUCATION AND COMMUNICATIONS

The GASB routinely communicates with stakeholders regarding its standard-setting and other activities and provides educational activities through stakeholder organizations and directly. The GASB offered the following educational opportunities in the first quarter of 2025:

Videos

- GASB What to Watch for in 2025 video

Bridging the GAAP Podcast:

- The Benefits of GAAP for Governments

Speeches

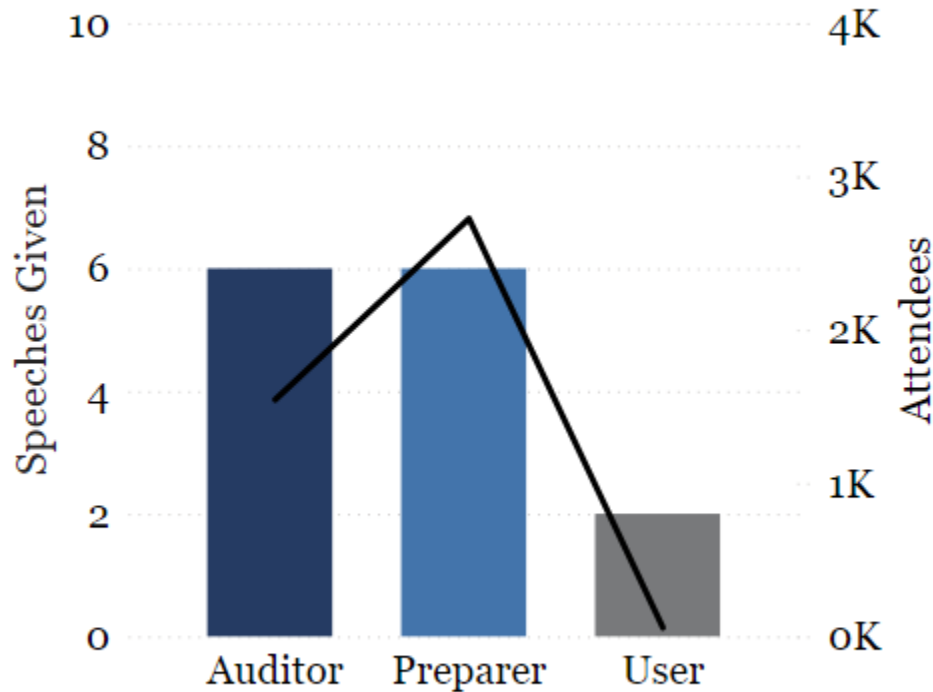
Board or staff members delivered speeches to the following organizations or at the referenced event:

- | | |
|--|---|
| 1. Arizona Society of Certified Public Accountants | 7. Florida Government Finance Officers Association |
| 2. Association of Government Accountants Central Kentucky | 8. Maryland Government Finance Officers Association Winter Conference |
| 3. Association of Government Accountants Nashville Chapter | 9. National Association of State Comptrollers Annual Conference |
| 4. Association of Government Accountants Tallahassee Chapter GTE | 10. North Carolina Government Finance Officers Association |
| 5. California Society of Municipal Finance Officers | 11. University of Denver |
| 6. Crowe Not-for-Profit and Government Industry Summit | 12. XBRL Modernizing Municipal Reporting |

The following graph summarizes the number of speeches given by the GASB and the attendees of those speeches during the first quarter of 2025:

Number of Speeches and Attendees by Stakeholder Type During Q1 2025

Columns: Speeches Given Line: Attendees



Actual attendance is higher than reported as counts are not available from all organizations.

Other Communications

The following GASB-related media advisories were issued:

- GASB Requests Input on Severe Financial Stress and Probable Dissolution Disclosures
- GASB Staff Completes Study of GAAP Utilization Among U.S. State and Local Governments
- FAF Board of Trustees Name New Member of the GASAC
- GASB Publishes Post-Implementation Review on Fair Value Standard
- David R. Bean Named as 2025 Inductee to the Accounting Hall of Fame

The GASB chair and staff participated in numerous interviews with media.

ITEM 5: FAF/FASB/GASB INTERACTION

The GASB chair and staff routinely meet with the chair and staff of the FASB and the management and staff of the FAF to coordinate on joint activities and keep them apprised of the work of the Board and staff. In addition to sharing Board meeting minutes with the FASB technical director and GASAC meeting minutes with the FAF Vice President of Board Operations & Governance, the FASB and GASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest, and the FASB and GASB chairs and their respective directors held their quarterly meeting to discuss technical issues and other matters of mutual interest. The staff also met with the FAF Committee for Community Outreach and Activities and the Professional Development Committee.

ITEM 6: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

During the first quarter of 2025, the Board and staff engaged in the following strategic, administrative, and procedural activities:






Strategic Matters




1. The project pages on the GASB website were updated to include minutes and tentative Board decisions from the Board's meetings in January–March 2025.

Administrative Matters

1. The FAF Board of Trustees began the search for a new member of the Governmental Accounting Standards Board. Vice Chair Jeffrey Previdi's second term ends June 30, 2026.
2. The GASB staff attended in-house (and remote) FAF-sponsored training courses.

GASB Technical Plan: Overview (as of 3/31/25)
Current Technical Agenda

Status	Project	Issued		To Be Issued		
		ITC/PV	ED/RED	ITC/PV	ED	Final
	Comprehensive Projects: Revenue and Expense Recognition	1/18; 6/20	–	–	4Q25	2Q27
	Major Projects: Going Concern Uncertainties and Severe Financial Stress	3/25	–	–	2Q26	2Q27
	Infrastructure Assets	9/24	–	–	1Q26	1Q27
	Practice-Issue Projects: Implementation Guidance—Update	–	11/24	–	–	2Q25
	Subsequent Events	–	11/24	–	–	4Q25

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

Technology Project

Voluntary Digital Financial Reporting

Pre-Agenda Research

Cybersecurity Risk Disclosures
GAAP Structure
Revenue and Expense Recognition—Note Disclosures

Post-Implementation Review

Statement 75—Other Postemployment Benefits
Statement 84—Fiduciary Activities
Statement 87—Leases