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GASB: On The Horizon.

The GASB plans to issue two final Statements and three proposed Statements before the end of 2015. Here's what's coming:

STATE AND LOCAL GOVERNMENT INVESTMENT POOLS

In December, the GASB is scheduled to issue final guidance on local government certain investment pools operated by governments (also known as external investment pools). This proposal is intended to address rule changes recently adopted by the Securities and Exchange Commission (SEC) that will impact the related financial reporting requirements based on a reference to those rules in current GASB literature.

Some local government investment pools function much like money market funds. Typically, those government investment funds pool the resources of participating governments and invest in various securities as permitted under state law. By pooling their cash together, participating governments benefit in a variety of ways, including economies of scale, professional management, and enhanced liquidity.

Under the SEC's new rules that have been incorporated by reference in current GASB standards, which take effect in 2016, many of these pools and their participants are not expected to qualify for reporting investments on an amortized cost basis, which is currently allowed under the SEC's "2a7-like" pool provisions in the standards. After deliberating comments received on the June 2015 Exposure Draft, the GASB is completing final guidance that will establish criteria for pools and pool participants to qualify for reporting investments at amortized cost.

More information on the project can be found here.

PENSIONS

The GASB plans to issue guidance related to pensions through two separate standard-setting projects:

- Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, and
- Pension Issues.

Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

In December, the Board plans to issue guidance to assist governments participating in certain private-sector or federally sponsored multiple-employer defined benefit pension plans that do not have access to information required by the new GASB pension standards, which took effect this summer. Plans envisioned to be addressed by the guidance include Taft-Hartley plans and plans with similar characteristics.

Stakeholders alerted the Board that a small number of governments do not have access to the information required to comply with the new pension standards when they participate in certain private-sector or federally sponsored multiple-employer plans. To address this issue, the Board proposed in October to scope these governments out of GASB Statement 68 (Accounting and Financial Reporting for Pensions) requirements and to provide them with alternative guidance.

The forthcoming Statement will set separate standards for employers participating in certain multiple-employer pension plans that have specific characteristics. These standards will address recognition and measurement of pension expense and liabilities, note disclosures, and required supplementary information.

More information on the project [can be found here.]

Pension Issues

In December, the GASB expects to issue an Exposure Draft containing proposed guidance to address certain issues raised by stakeholders during the implementation of the new GASB pension standards.

The proposal addresses:

- Issues related to presentation of payroll-related measures
- Issues related to employer-paid member contributions
- Issues related to deviations from the guidance in Actuarial Standards of Practice.
- The Board plans to issue a final Statement in early 2016.

More information on the project [can be found here.]

ASSET RETIREMENT OBLIGATIONS

In December, the GASB is scheduled to issue an Exposure Draft containing proposed standards on asset retirement obligations (AROs) involving power plants, sewage treatment facilities, and other capital assets other than landfills.

One of the most common AROs encountered by governments involves closure and post-closure care for landfills. While existing GASB literature provides guidance for landfill AROs, it does not include guidance on AROs for other capital assets.

Through this project, the Board will establish recognition and measurement guidance for AROs relating to governmental capital assets other than landfills, which is meant to improve consistency and comparability in this area of financial reporting.

More information on the project [can be found here.]

FIDUCIARY ACTIVITIES

Finally, the GASB is also expected to issue an Exposure Draft in December on accounting and financial reporting for fiduciary activities.

Currently, governments are required to present financial statements regarding their fiduciary activities in their fiduciary fund financial statements. However, the concept of what constitutes fiduciary activity is not clearly defined. GASB research and inquiries from stakeholders have indicated there is diversity in practice in the current reporting of various types of fiduciary activities.

In the Board’s forthcoming Exposure Draft, the Board will propose specific criteria for when and how a government would report a fiduciary activity. The proposal will also address classification of fiduciary funds and recognition of fiduciary fund liabilities.

The Board is scheduled to issue a final Statement in late 2016.

More information on the project can be found here.