

# **Bond Case Briefs**

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## **GASB Adds Major Project, Pre-Agenda Research Area to Technical Plan.**

**Norwalk, CT, January 6, 2022** — During its December 2021 meeting, the Governmental Accounting Standards Board (GASB) approved the addition of a major project on going concern uncertainties and severe financial stress and pre-agenda research activity on subsequent events as part of its technical plan for the first third of 2022.

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

The GASB added this project based on the results of more than five years of research on the GASB's existing standards for going concern uncertainties and current practice with respect to identifying governments experiencing or in danger of severe financial stress.

The concept of going concern uncertainties was not specifically developed or significantly modified for the government environment when incorporated into the current GASB literature. Pre-agenda research indicates that, even when governments are in or have been experiencing severe financial stress, few dissolve or cease operations. Although current guidance provides that financial statement preparers have a responsibility to evaluate a government's ability to continue as a going concern, such an evaluation often poses challenges and has resulted in diversity in practice. These challenges also include determining whether or when governments have a responsibility to evaluate and disclose their exposure to severe financial stress.

The objectives of the project are to consider (1) improvements to existing guidance for going concern considerations (including the definition of a going concern) 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, and (3) what information about a government's exposure to severe financial stress is necessary to disclose.

### **Subsequent Events**

The objective of the pre-agenda research item on Subsequent Events is to (1) evaluate the effectiveness of the existing guidance for identifying and reporting subsequent events and (2) consider the need for revisions to those standards. If additional guidance is determined to be needed, another objective would be to consider the development of revised accounting and financial reporting for subsequent events.

As part of its consideration of the first-third 2022 technical plan, the GASB also considered but chose not to add (1) a project on interim financial reporting and (2) a pre-agenda research activity on related-party transactions.

More information on the new project and pre-agenda research activity is available on the GASB website under the [Technical Plan section](#).

