FOR IMMEDIATE RELEASE

GASB REQUESTS PUBLIC INPUT ON REVENUE AND EXPENSE RECOGNITION

Norwalk, CT—February 1, 2018—The Governmental Accounting Standards Board (GASB) has issued for public feedback an Invitation to Comment (ITC) on the development of a comprehensive revenue and expense recognition model for state and local governments.

The GASB’s objectives in developing a comprehensive model are:

- To create a more robust framework to address a wide range of transactions, including some for which no guidance exists at present
- To improve the comparability of how transactions are accounted for and reported by governments
- To provide more useful information to users of financial reports for making decisions and assessing accountability.

The ITC, Revenue and Expense Recognition, discusses two models: an exchange/nonexchange model, and a performance obligation/no performance obligation model.

The exchange/nonexchange model includes a classification process based on the existing definition for exchange transactions. The recognition process in this model would be based on existing guidance for nonexchange transactions and a standardized recognition approach for exchange transactions.

The performance obligation/no performance obligation model includes a classification process based on a tentative definition of a performance obligation. That recognition process would retain existing guidance for transactions without a performance obligation but also would apply a structured recognition approach for transactions classified as containing a performance obligation.

“This Invitation to Comment lays out potential paths forward for establishing comprehensive guidance for revenue and expense transactions,” said David A. Vaudt,
GASB chairman. “The Board needs stakeholder feedback on the potential benefits and challenges of the two models before it begins to develop potential changes to the standards for future input.”

As a staff document, the ITC does not contain a Board proposal to pursue either model. It is intended to obtain feedback from stakeholders at an early stage of the project before deliberations over new or revised standards begin.

Interested parties are asked to review and provide input on the document by April 27, 2018. Written comments should be addressed to the Director of Research and Technical Activities, Project No. 4-61, and either emailed to director@gasb.org or mailed to the GASB, 401 Merritt 7, PO Box 5116, Norwalk, CT 06856-5116.

A series of public hearings on the ITC are scheduled as follows:

- May 6, 2018, in St. Louis, MO (in conjunction with the annual conference of the Government Finance Officers Association)
- May 18, 2018, in Burlingame, CA (near San Francisco airport)
- May 30, 2018, in Norwalk, CT (at the Financial Accounting Foundation offices).

Additional information about the locations of the public hearings is available in the ITC. The deadlines for written notice of intent to participate in the public hearings are April 13, 2018, for the May 6 public hearing and April 27, 2018, for the May 18 and 30 public hearings.

About the Governmental Accounting Standards Board

Established in 1984, the GASB is the independent, private-sector organization based in Norwalk, Connecticut, that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP). These standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of CPAs (AICPA). The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports. The Financial Accounting Foundation (FAF) supports and oversees the GASB. For more information, visit www.gasb.org.