GASB UPDATE

January 14, 2026

Alan Skelton, GASB Director of Research and Technical Activities

The views expressed in this presentation are those of Mr. Skelton.
Official positions of the GASB are reached only after extensive due process and deliberations.

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Opening Questions

- **Do you have enough resources?**
- **Do you need more work?**
- **Would you like GASB to stop issuing new statements?**

- **We hear you and we are taking action!**
  - ✓Less new standards issued
  - ✓Less active projects
  - ✓Review of ALL note disclosures for *essentiality*
  - ✓Highlighting materiality box

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Effective Dates

June 30: Fiscal Year 2026

- Statement 103—Financial Reporting Model Improvements
- Statement 104—Classification of Certain Capital Assets
- IG 2025-1*—*Implementation Guidance Update—2025*

June 30, 2027

- Statement 105 – Subsequent Events

* Question 4.16 was effective upon issuance.

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New GASB Statement Impact

Potential Level of Effort for Preparer and Auditor*

Statement and FY Effective		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY2027	FY2028
GASB 101 – Compensated Absences	2025	Medium						
GASB 102 – Certain Risk Disclosures	2025	Small						
GASB 103 - Financial Reporting Model Re-examination	2026				Medium			
GASB 104 – Disclosures of Certain Capital Assets	2026				Small			
GASB 105 – Subsequent Events	2027						Small	

*Based on June 30 fiscal years

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Presentation Overview



Pronouncements being implemented



Projects currently being deliberated by the Board



Pre-agenda research and other research activities



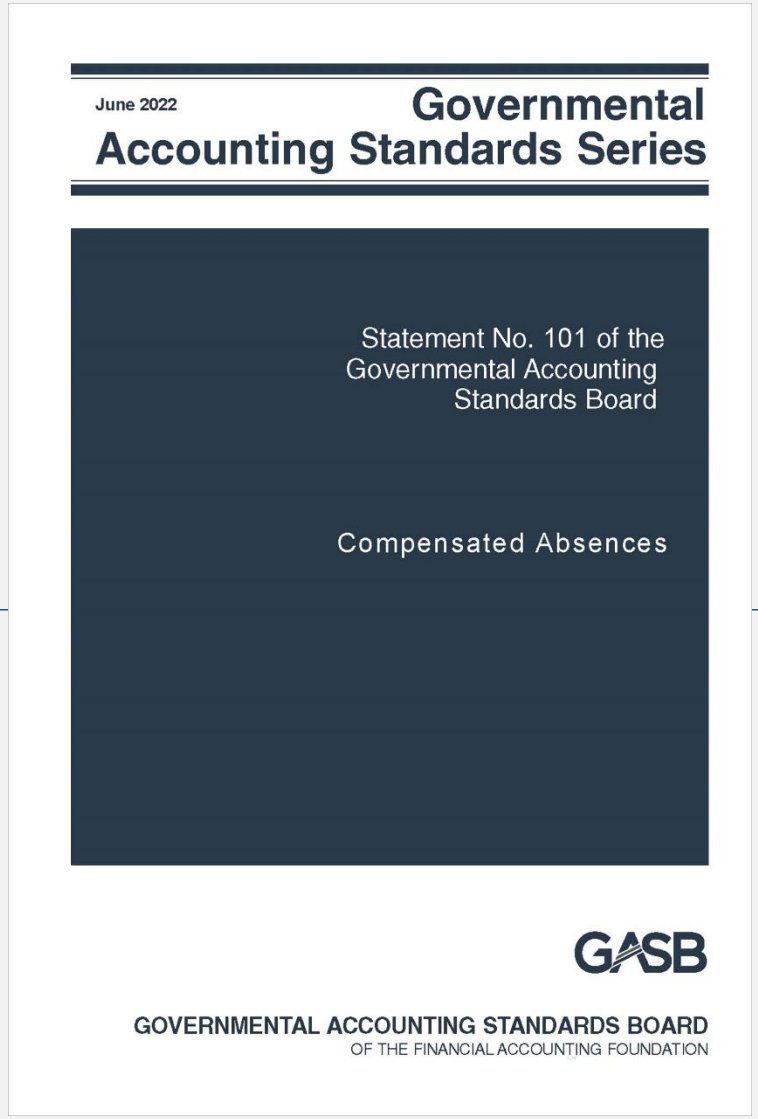
Post-implementation review

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Pronouncements Being Implemented

Compensated Absences

Statement No. 101



Compensated Absences

What?

The Board has amended existing guidance for compensated absences

Why?

A review of Statement 16 indicated opportunities for improvement and additional guidance for certain types of leave

When?

Effective for fiscal years beginning after December 15, 2023.

Earlier application is encouraged

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Scope and Applicability

A compensated absence is	Examples:

• Leave for which employees may receive one or more:
  • Cash payments when the leave is used for time off
  • Other cash payments, such as payment for unused leave upon termination of employment
  • Noncash settlement, such as conversion to postemployment benefits
	• Vacation and sick leave
	• Paid time off (PTO)
	• Holidays
	• Parental leave
	• Certain types of sabbatical leave

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Recognition Criteria – Leave that has not been used

Leave is attributable to services already rendered

- Employee has performed the services required to earn the leave

Leave accumulates

- Can be carried forward from reporting period when earned to a future reporting period when it will be used or otherwise paid or settled

Leave is *more likely than not* to be used for time off or otherwise paid or settled

- Likelihood of more than 50 percent

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Exceptions to the General Recognition Approach

Leave more likely than not to be settled through conversion to defined benefit postemployment benefits

- Excluded from liability

Leave that is dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period

- Recognize liability when leave commences
- Parental leave, military leave, jury duty recognized when commences
- Not sick leave or sabbatical leave

Unlimited leave and holiday leave taken on specific date

- Recognize liability when used

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Measurement

Pay rate

Employee's pay rate at financial reporting date

Exception:
More likely than not to be paid at a different rate
(for example, 50% of pay rate)*

Salary-related payments

Directly and incrementally related

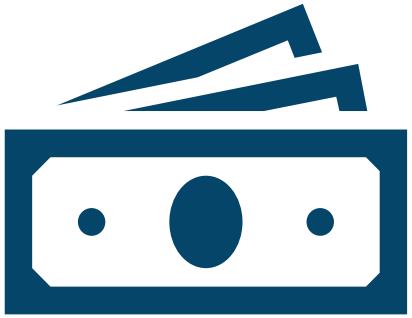
DC pension or OPEB recognized as related leave is earned – not pension or OPEB liability

DB pension or OPEB excluded

*Exception does not require the consideration of pay adjustments after reporting period.

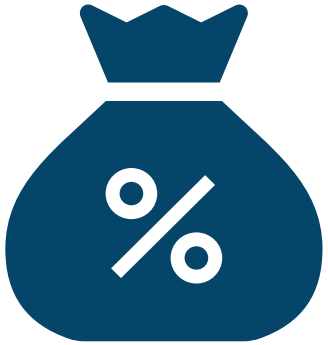
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Leave Used But Not Paid



Liability for amount of cash payment or noncash settlement

Include applicable salary-related payments



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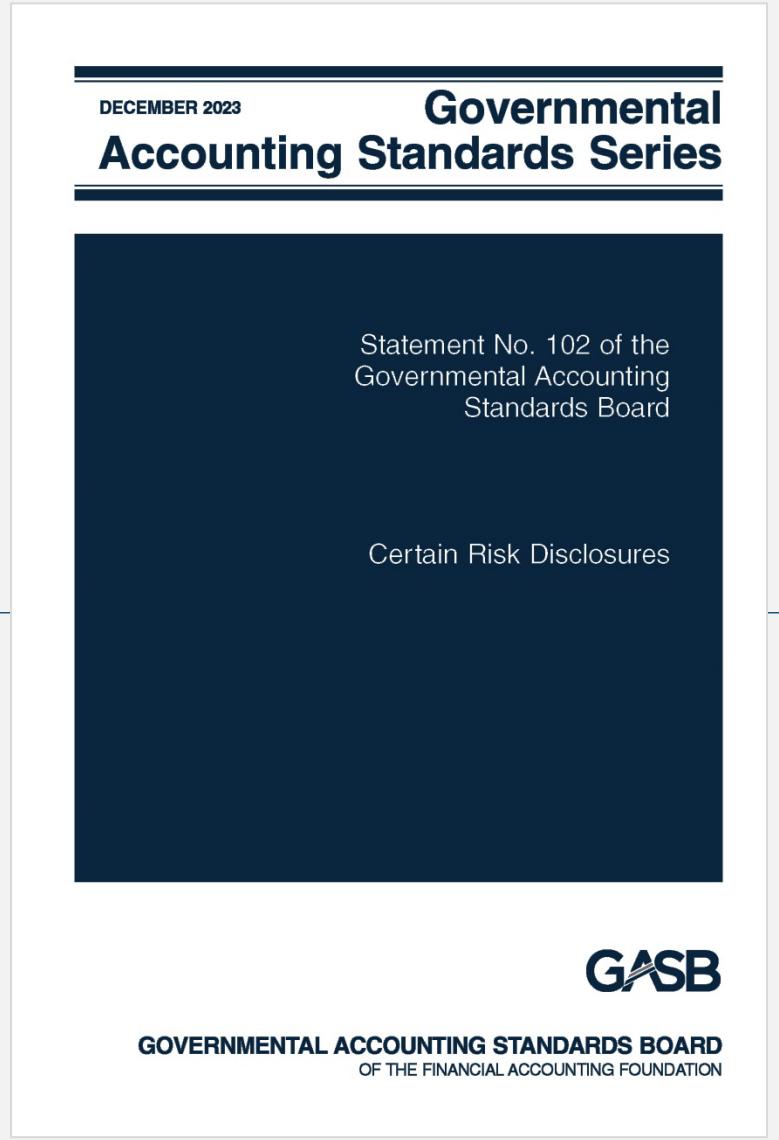
Note Disclosures and Effective Date

- **Note disclosures**
  - ✓No new note disclosures
  - ✓Exceptions to existing long-term liability disclosures for compensated absences:
    - *Option to present net increase or decrease with indication that it is a net amount*
    - *Not required to disclose governmental fund used to liquidate*
- **Effective date**
  - ✓Fiscal years beginning after December 15, 2023

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Certain Risk Disclosures

Statement No. 102



Statement 102: Certain Risk Disclosures

What?

The Board has established requirements to disclose certain risks faced by governments.

Why?

Stakeholders asked the GASB to address this issue.

When?

Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

Earlier application is encouraged.

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Scope: Concentrations and Constraints

- **Concentrations and constraints limit a government's ability to acquire resources or control spending.**
  - ✓Concentrations:
    - *Lack of diversity in an aspect of a significant inflow or outflow of resources*
      - *For example, the composition of (1) employers, (2) industries, (3) inflows of resources, (4) workforce covered by collective bargaining agreements, (5) providers of financial resources, and (6) suppliers of material, labor, or services*
  - ✓Constraints:
    - *Limitations imposed by an external party or the government's highest level of decision-making authority*
      - *For example, (1) limitations on raising revenue, (2) limitations on spending, (3) limitations on the incurrence of debt, and (4) mandated spending*

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Disclosure Criteria

- **Disclosures would be required if a government determines that:**
  - ✓A concentration or constraint is known to the government prior to the issuance of financial statements.
  - ✓The concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact.
  - ✓An event or events associated with the concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

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General Disclosure Principles

- Primary government reporting unit, including blended component units, AND other reporting units that report a liability for revenue debt
- If comparative financial statements are presented, disclosure requirements only apply to the current period.
- Some requirements may supplement other note disclosures; combine to avoid unnecessary duplication.
- Information that is the same for more than one reporting unit should be combined to avoid unnecessary duplication.
- Disclosure for discretely presented component units subject to paragraph 63 of Statement No. 14, The Financial Reporting Entity.

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Disclosure Requirements

- **Provide information in sufficient detail to enable users to understand the nature of the circumstances and the government's vulnerability to the risk of a substantial impact:**
  - ✓Description of the concentration or constraint
  - ✓If they have occurred, description of each event associated with the concentration or constraint that could cause a substantial impact
  - ✓Description of actions taken by the government to mitigate the risk

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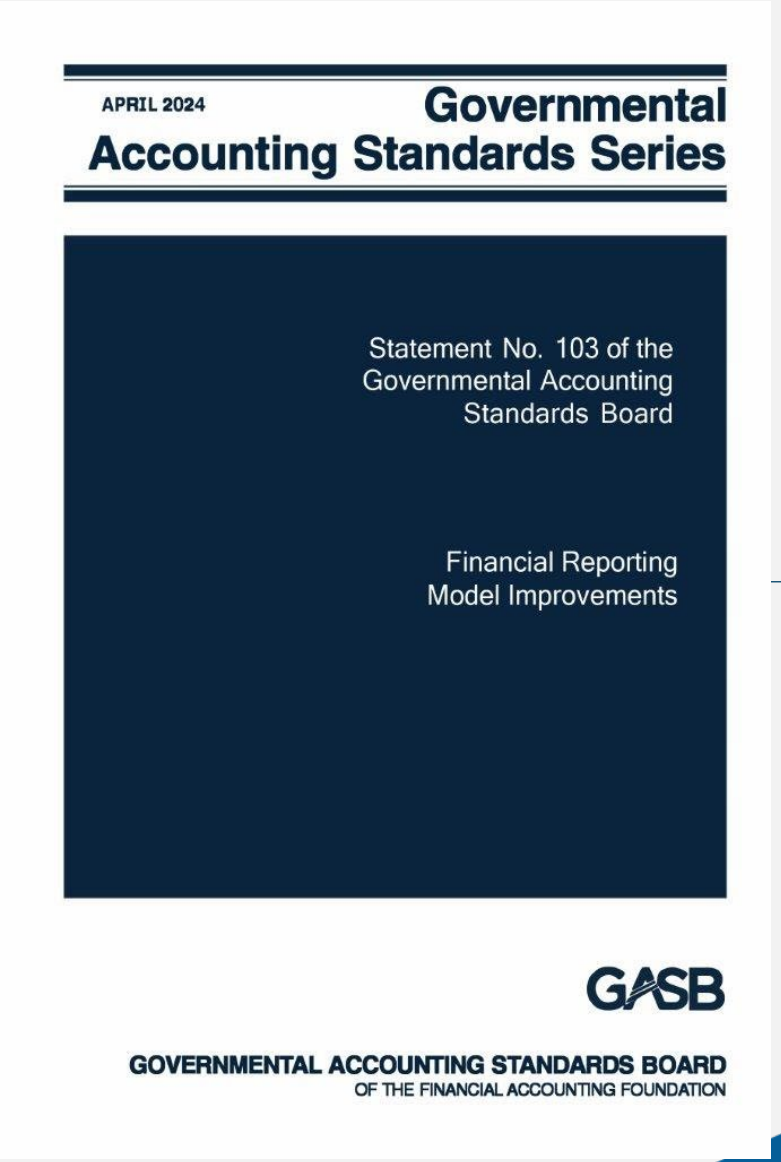
Effective Date and Transition

- **Effective for fiscal years beginning after June 15, 2024**
  - ✓All reporting periods thereafter
  - ✓Transition is prospective

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Financial Reporting Model Improvements

Statement No. 103



Overview

Management's Discussion and Analysis

Clarification of operating and nonoperating in proprietary funds

Presentation of proprietary funds statement of revenues, expenses, and changes in net position

Budgetary comparisons

Major component unit presentations

Unusual or infrequent items

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Management's Discussion and Analysis (MD&A)

Overarching Guidance

- ✓Users of MD&A "have different levels of knowledge and sophistication about governmental accounting and finance," "may not have a detailed knowledge of accounting principles"
- ✓Analysis of current-year balances and activity to explain why balance and results changed from prior year
- ✓Avoid unnecessary duplication, avoid "boilerplate" language
- ✓Focus on primary government, discussion of discretely presented component units is a matter of professional judgment

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MD&A

- **Five Sections**
  - ✓Overview of the financial statements
  - ✓Financial summary
  - ✓Detailed analyses
  - ✓Significant Capital Asset and Long-Term Financing Activity
  - ✓Currently Known Facts, Decisions, or Conditions

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MD&A – Overview of the Financial Statements

Overview of the Financial Statements

The City's financial report contains basic financial statements. Those financial statements present the City's finances at both an overall and a detailed level. The first two—the *government-wide financial statements*—cover the City's governmental activities and business-type activities (together, the *primary government*) and discretely presented component units. (See the diagram in Figure A-1.)

- *Governmental activities* comprise the City's most basic functions, such as public safety, culture and recreation, and social and economic development. Governmental activities primarily are financed by taxes paid by City residents and businesses and grants from the State of Example and the federal government.
- *Business-type activities* are City services primarily financed in whole or in part with charges to customers—electric utility, public buses, and municipal golf courses.
- *Discretely presented component units* are legally separate entities for which the City is financially accountable—most notably the Sample City Energy Authority and the Robert L. Antonio Airport. (To see their separately issued financial reports, visit www.sampleenergyurl.gov and www.rlaairporturl.gov.)

The remaining basic financial statements present the City's finances in greater detail and present fiduciary activities. As their name implies, the *fund financial statements* disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The City reports three groups of funds:

- *Governmental fund financial statements* report all of the governmental activities except those that involve providing services to City departments. In addition to the City's main operating fund—the general fund—those financial statements report a special revenue fund to track the use of a portion of the City's restricted sales tax for public safety and transportation, a debt service fund to record the repayment of outstanding bonds, and a capital projects fund to account for resources used to acquire transportation infrastructure and certain other long-lived assets.
- *Proprietary fund financial statements* report all of the business-type activities (*enterprise funds*) and the services provided to City departments (*internal service funds*).

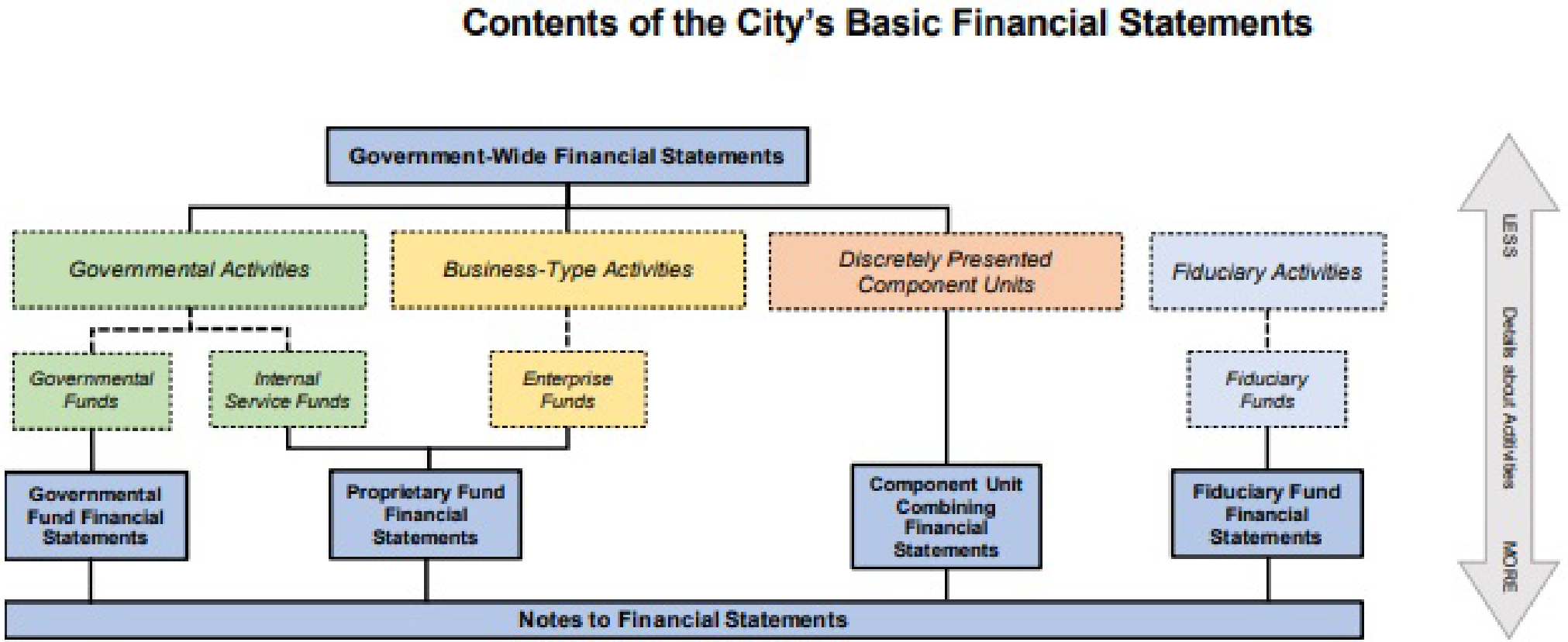
Types of Information Reported in the City's Financial Statements

	Financial Statements				
	Government-Wide	Proprietary Fund	Fiduciary Fund	Component Unit	Governmental Fund
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term				Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues/additions	All types of revenues/additions that flow into the government during the year that relate to that year, regardless of when cash is received				Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/deductions/ expenditures	All types of expenses/deductions that flow out of the government during the year that relate to that year, regardless of when cash is paid				Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the government during the year that relate to a future year				Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

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MD&A – Overview of the Financial Statements (continued)



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MD&A – Financial Summary

➢Financial summary—condensed financial statements

Changes in Sample City's Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	20X5	20X4	20X5	20X4	20X5	20X4	20X5–20X4
Revenues							
Program revenues:							
Charges for services	$ 45,301	$ 41,393	$ 62,200	$ 59,998	$ 107,501	$ 101,391	6.0%
Operating grants and contributions	38,163	31,057	-	-	38,163	31,057	22.9%
Capital grants and contributions	30,885	14,846	2,938	2,199	33,823	17,045	98.4%
General revenues:							
Sales taxes	279,567	278,136	-	-	279,567	278,136	0.5%
Property taxes	78,930	77,074	-	-	78,930	77,074	2.4%
Other taxes	74,940	61,861	-	-	74,940	61,861	21.1%
Payments in lieu of taxes	16,869	15,872	-	-	16,869	15,872	6.3%
Investment earnings	20,667	7,629	1,674	951	22,341	8,580	160.4%
Other	12,519	11,765	420	56	12,939	11,821	9.5%
Total revenues	**597,841**	**539,633**	**67,232**	**63,204**	**665,073**	**602,837**	**10.3%**
Expenses							
General government	46,059	42,388	-	-	46,059	42,388	8.7%
Public safety	205,416	218,558	-	-	205,416	218,558	-6.0%
Public works	71,308	67,872	-	-	71,308	67,872	5.1%
Culture and recreation	25,631	21,347	-	-	25,631	21,347	20.1%
Social and economic development	79,701	26,014	-	-	79,701	26,014	206.4%
Interest on long-term debt	25,566	21,284	-	-	25,566	21,284	20.1%
Public utility	-	-	42,687	40,526	42,687	40,526	5.3%
Transit authority	-	-	25,826	25,755	25,826	25,755	0.3%
Golf courses	-	-	8,396	7,250	8,396	7,250	15.8%
Total expenses	**453,681**	**397,463**	**76,909**	**73,531**	**530,590**	**470,994**	**12.7%**
Excess (deficiency) before unusual/infrequent items and transfers	144,160	142,170	(9,677)	(10,327)	134,483	131,843	2.0%
Transfers	(18,996)	(4,639)	18,996	4,639	-	-	-
Unusual or infrequent item—flood damage:							
Grant revenue	2,500	-	-	-	2,500	-	100%
Cleanup	(10,000)	-	-	-	(10,000)	-	100%
Change in net position	**117,664**	**137,531**	**9,319**	**(5,688)**	**126,983**	**131,843**	**-3.7%**
Net position—beginning of period	1,616,147	1,478,616	539,077	544,765	2,155,224	2,023,381	6.5%
Net position—end of period	**$ 1,733,811**	**$ 1,616,147**	**$ 548,396**	**$ 539,077**	**$ 2,282,207**	**$ 2,155,224**	**5.9%**

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MD&A – Detailed Analysis

- **Detailed analyses**
  - ✓ Primary government's financial position and results of operations—both governmental and business-type activities
    - *In addition to amounts/percent of change, explain **why** change occurred*
  - ✓ Fund balance or net position and results of operations of each major fund (nonmajor funds excluded)
    - *In addition to amounts/percent of change, explain **why** change occurred*

Growth in intergovernmental grant revenues

There were notable increases in 20X5 in both operating and capital grants and contributions. Capital grants and contributions, which account for 5.2 percent of overall revenues for governmental activities, more than doubled to $30.9 million from 20X4 to 20X5. Most of that amount was a one-time $22.0 million capital contribution from the federal government in the form of the land and facilities of former Army Base 559, which is located in Sample City and ceased operations in 20X0. The City is in the process of converting the base to a central public works and transportation garage and headquarters.

Operating grants and contributions, which account for 6.4 percent of overall revenues for governmental activities, increased 22.9 percent to $38.2 million in 20X5. All of that growth came from an increase in public safety grants from both the State and federal governments, which totaled $31.4 million or over 82 percent of the operating grant revenue. Most of the additional grant revenue was received as part of a federal program to improve local emergency services readiness to respond to a variety of emergency scenarios, including natural disasters, terrorist attacks, and medical crises.

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MD&A – Significant Capital Asset and Long-Term Financing Activity

- **Capital asset activity**
  - ✓ Include intangible capital assets
  - ✓ Discussion of significant additions and disposals
  - ✓ Discussion of significant policy changes and economic factors
  - ✓ Avoid duplication between the analyses and this component
- **Long-term financing activity**
  - ✓ Includes debt, leases, PPPs, and SBITAs
  - ✓ Discuss new agreements, changes to credit rating, debt limit
  - ✓ Discussion of significant policy changes and economic factors
  - ✓ Avoid duplication between the analyses and this component

Significant capital asset and long-term financing activity

The discussion thus far has only touched upon certain significant transactions and events during 20X5 with respect to capital assets and long-term debt. Overall, the carrying value of capital assets—original cost minus accumulated depreciation—increased 3.2 percent over 20X4. However, that relatively small change does not completely capture the substantial amount of capital investment activity that occurred in 20X5.

The City's governmental activities had $182.8 million in its beginning balance of construction in progress with another $145.9 million in capital projects started during 20X5. Of those amounts, the City put $127.4 million into operation during the year and, therefore, reclassified that amount to the other capital asset classifications of infrastructure and buildings and improvements. Additionally, the City contributed $55.3 million of capital assets to not-for-profit organizations. This resulted in an ending balance of construction in progress of $145.9 million. Many of the completed and ongoing capital projects are a part of the city-wide highway and street improvement program.

As previously noted, significant capital investments also are expected to be made as part of converting the former Army base to a city-wide public works and transportation garage and headquarters. The receipt of the base was reported as a $22 million capital contribution, which increased both the land and buildings and improvement categories of the City's capital assets by $15 million and $7 million, respectively.

As discussed earlier, a portion of the sales tax is used to fund a reserve for road and bridge construction and other infrastructure projects, which provides financing on a pay-as-you-go basis.

In 20X3, voters approved a referendum authorizing the City to issue up to $125 million of tax-backed bonds to pay for a city-wide capital program to reconstruct major routes, including adding lanes, upgrading street surfaces in the business district, and adding additional buses and bus routes serving the business district. The City issued $118.1 million of those bonds in 20X5, which is the primary reason that governmental activities long-term liabilities increased 5.7 percent overall. Slightly more than half of the addition to long-term liabilities by those bonds was offset by a reduction in general obligation debt outstanding (which decreased 12.4 percent) due to a series of bond calls and refundings that continued in 20X5.

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MD&A – Currently Known Facts, Decisions, and Conditions

- **Include a description of currently known facts, decisions, and conditions that are expected to have a significant effect on financial position or results of operations in the subsequent year. Examples could include:**
  - ✓ Trends in relevant economic and demographic data
  - ✓ Factors used to develop the subsequent year's budget
    - *Those affecting revenues available for appropriation, e.g. changes in rates and bases of activity*
    - *Those affecting planned spending, e.g. inflation, labor contracts, changes in programs*
  - ✓ Expected changes in budgetary net position or fund balance
  - ✓ Actions government has taken related to PEB, capital plans, leases, PPPs, SBITAs (long-term items)
  - ✓ Actions other parties have taken, such as new laws or regulations

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MD&A – Currently Known Facts, Decisions, and Conditions - Example

Currently known facts, decisions, or conditions

The City is aware of five developments that will have an impact on the City's finances in the future and were therefore incorporated into next year's budget:

(1) Public safety employee unions' new contract
(2) Amendments to the City budget
(3) Recent economic reports
(4) Adoption of the State budget
(5) Pension plan changes.

Public safety employee unions' new contract

The collective bargaining agreement for uniformed police officers and firefighters expired at the end of fiscal year 20X5. On September 15, 20X5, the members of the public safety employee unions ratified a new four-year contract that is retroactive to the start of fiscal year 20X6. The key features of the contract are annual increases in base pay of 3.5 percent; increases in rank pay, shift premiums, and other add-ons averaging 2.5 percent; and a series of nonpensionable bonuses at the end of each calendar year. The contract also changes certain staffing rules that will allow the City more flexibility in deploying its uniformed employees and, as a result, is expected to reduce overtime spending. The City's Labor Relations Division budgeted an annual increase of $4.1 million of expenses to the public safety function, net of reduced overtime costs, as a result of the contract.

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MD&A – Currently Known Facts, Decisions, and Conditions – Example (continued)

Amendments to the City budget

The first mid-year amendment to the City's operating budget addresses budgetary variances that are found in the actual results for the first quarter ending September 30, 20X5. The additional public safety expenses resulting from the new contract were a prominent aspect of the amendment, which was adopted by the City Council on November 1, 20X5. Use tax revenues for the first quarter were 4.6 percent below budget. Extrapolated for the full year, use taxes would fall short of the budget by $1.9 million. The City Council decided to monitor ongoing tax receipts for further deterioration and to postpone consideration of a rate increase until the second mid-year modification. To potentially buffer the lost revenue, the City Council identified certain positions that are vacant or expected to become vacant that could be filled more slowly than originally planned and adjusted the department budgets accordingly.

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MD&A – Currently Known Facts, Decisions, and Conditions – Example (continued)

Recent economic reports

The unemployment rate for the City has increased slightly for five consecutive months through September 20X5 (the most recent month for which data were available at the time this report was issued). Unemployment in May 20X5 was 2.7 percent. By September 20X5, unemployment had reached 3.4 percent.

Building permit applications were assumed in the adopted budget for fiscal year 20X6 to increase approximately 2.0 percent, a lower level than the average annual increase of 4.1 percent since 20W7. However, through the first quarter of fiscal year 20X6, applications were flat compared with the same period last year.

Adoption of the State budget

In May 20X5, the State adopted its operating budget for the fiscal year ending June 30, 20X6. The City's finances are affected by many parts of the State budget, though two provisions in particular may have a negative impact on the City's finances. First, the adopted State budget includes a plan to retain a quarter of a percentage point from the local-option sales tax imposed by counties and municipalities beginning in calendar year 20X6. The loss of that 0.25 percent from the City's sales tax is expected to reduce the City's revenue by approximately $11.0 million in City fiscal year 20X6 and $23.5 million in City fiscal year 20X7.

The other State budget provision is the winding down of a Department of Transportation grant program that provides resources for transportation and mass transit capital projects and subsequent maintenance. The City's Capital Improvement Plan anticipated that program would be a funding source for parts of the city-wide highway and street improvement program and the conversion of the Army base to a public works and transportation garage and headquarters. In total, the City budgeted $28.7 million from that grant program through 20X9 based on the published long-term capital plan. The City still is budgeting to receive that amount through the end of the grant period.

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MD&A – Currently Known Facts, Decisions, and Conditions – Example (continued)

Pension plan changes

The City provides pension benefits to its nonuniformed employees through the Municipal Employee Pension Plan, a cost-sharing defined benefit plan administered by the State of Example Retirement System. In April 20X5, the System announced that it was revising certain assumptions that factor into the measurement of the total pension liability for all participating governments in the plan, including lowering the long-term expected rate of return on plan investments (and, thereby, the discount rate) from 6.50 to 6.25 percent and utilizing updated mortality tables with longer life expectancies. The changes would be effective for State fiscal year 20X6.

It is expected that the change in the discount rate will increase the City's contractually required contribution for the fiscal year beginning July 1, 20X6. This amount is not yet determinable.

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Proprietary Funds-Operating and Nonoperating

Separate presentation of operating and nonoperating revenues and expenses

Operating

- Activities other than nonoperating activities

Nonoperating

- Subsidies received and provided
- Revenues and expenses related to financing
- Resources from the disposal of capital assets and inventory
- Investment income and expenses
- Contributions to permanent and term endowments

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Sample City

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

for the Year Ended June 30, 20X5

(amounts expressed in thousands)

See Exhibit 21 for an illustration of an optional combining statement of internal service funds.

	Enterprise Funds				
	Public Utility	Transit Authority	Golf Courses	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 41,003	$ 18,636	$ 2,561	$ 62,200	$ 42,523
Miscellaneous	283	33	104	420	78
Total operating revenues	41,286	18,669	2,665	62,620	42,601
OPERATING EXPENSES					
Personnel services	13,991	-	-	13,991	5,786
Contractual services	13,952	16,406	4,893	35,251	4,117
Insurance claims and expenses	-	-	-	-	26,388
Depreciation	11,767	8,972	2,375	23,114	415
Other	1,067	-	165	1,232	7,834
Total operating expenses	40,777	25,378	7,433	73,588	44,540
Operating income (loss)	509	(6,709)	(4,768)	(10,968)	(1,939)
NONCAPITAL SUBSIDIES					
Intergovernmental revenue	-	-	-	-	881
Transfers in	-	2,090	110	2,200	300
Transfers out	(1,980)	-	-	(1,980)	-
Total noncapital subsidies	(1,980)	2,090	110	220	1,181
Operating income (loss) and noncapital subsidies	(1,471)	(4,619)	(4,658)	(10,748)	(758)

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OTHER NONOPERATING REVENUES (EXPENSES)					
Investment earnings	1,496	75	103	1,674	446
Gain from the sale of capital assets	-	-	-	-	3
Interest expense	(1,910)	(448)	(963)	(3,321)	-
Capital contributions	2,938	-	-	2,938	-
Transfers in restricted for capital assets	1,032	15,360	2,384	18,776	1,215
Total other nonoperating revenue (expenses)	3,556	14,987	1,524	20,067	1,664
Increase (decrease) in fund net position	2,085	10,368	(3,134)	9,319	906
Fund net position—beginning of period	331,657	177,997	29,423	539,077	12,387
Fund net position—end of period	$ 333,742	$ 188,365	$ 26,289	$ 548,396	$ 13,293

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Unusual or Infrequent Items - Definitions

Unusual or Infrequent Items

- **Unusual in nature** - the underlying event or transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the government, taking into account the environment in which the government operates.
- **Infrequency of occurrence** - the underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the government operates.
- Further details in Statement No. 62 (p. 47 & 48).

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Unusual or Infrequent Items

Unusual or Infrequent Items

- Separately present inflows and outflows of resources that are unusual in nature and/or infrequent in occurrence (replacing extraordinary and special items)
- Disclose additional information about those inflows and outflows, including the programs, functions, or identifiable activities to which they are related and whether they are within the control of management

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Budgetary Comparisons and Major Component Unit Information

Budgetary comparisons

- Would be presented as required supplementary information (no option for basic statements)
- Required variances would be final-budget-to-actual and original-budget-to-final-budget

Major component unit presentations

- If it is not feasible to present major component unit financial statements in separate columns in the reporting entity's financial statements, the financial statements of the major component units would be presented in the reporting entity's basic financial statements as combining financial statements

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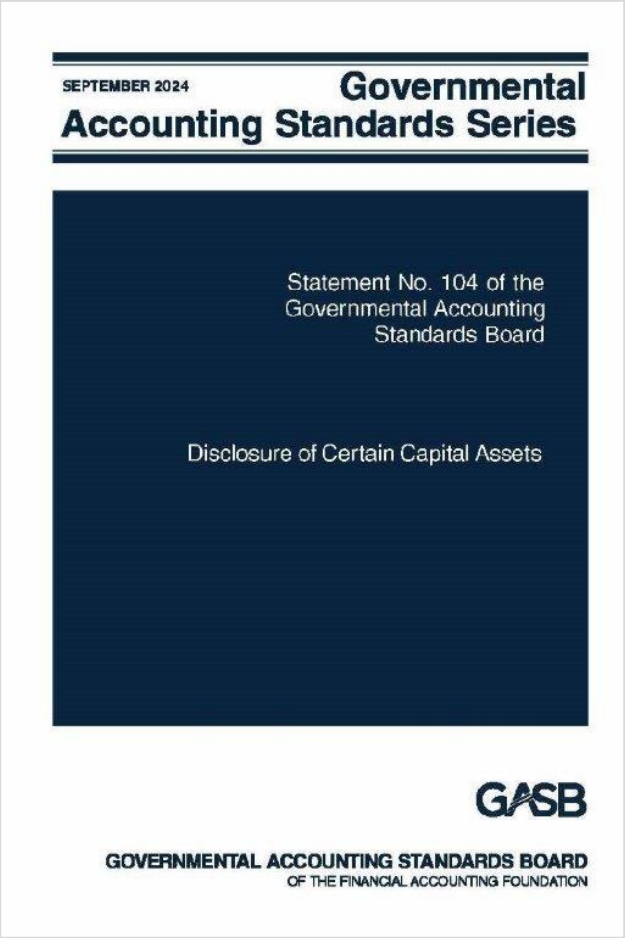
Effective Date and Transition

- **Effective for fiscal years beginning after June 15, 2025**
  - ✓All reporting periods thereafter
  - ✓Earlier application is encouraged
  - ✓Changes adopted at transition – change in accounting principle (Statement 100)
  - ✓All component units should implement the provisions in the same year as the primary government

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Disclosure of Certain Capital Assets

Statement No. 104



Disclosure of Certain Capital Assets

What?

Establishes

1) Requirements for certain capital assets to be disclosed separately in Statement 34 disclosures

2) Capital assets held for sale

Why?

Provide essential information to users about certain types of nonfinancial assets

When?

Approved September 2024.

Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

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Project Background

- **History of the project**
  - ✓Nonfinancial Assets pre-agenda research started 2020
  - ✓Classification of Nonfinancial Assets project started 2022
  - ✓Response to RTU assets created by Statements 87, 94, and 96
  - ✓Should certain types of assets continue to be reported as capital assets?
    - *If not, what additional classifications are needed?*
  - ✓Result: more changes considered and rejected than actually made
    - *All assets considered still reported as capital assets*
    - *No overarching definition of nonfinancial assets*

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Capital Assets Disclosure

- **Within note disclosures required by Statement 34, separate disclosure of:**
  - ✓Lease assets by major class of underlying asset
  - ✓Intangible right-to-use assets recognized by operator in PPP, by major class of underlying PPP asset
  - ✓Subscription assets
  - ✓Intangible assets other than those mentioned above, by major class of asset
- **Intangible assets that represent the right to use a type of underlying asset should not be in same major class as owned assets of that type**

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Capital Assets Held for Sale

- **Capital assets are capital assets held for sale if:**
  - ✓ The government has decided to pursue the sale of the asset
  - ✓ It is probable that the sale will be finalized within one year of the financial statement date
- **Standard provides some factors to consider if it is probable that the sale will be finalized within one year**
- **No change to measurement, also continue to report in the appropriate major class**
- **Disclosures:**
  - ✓ Historical cost and accumulated depreciation, by major class of asset
  - ✓ Carrying amount of debt for which capital assets held for sale are pledged as collateral

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Effective Date and Transition

- **Effective for fiscal years beginning after June 15, 2025**
  - ✓All reporting periods thereafter
  - ✓Earlier application is encouraged
  - ✓Retroactive application, if practicable
    - *All periods presented in basic financial statements*
    - *Disclosure that Statement was implemented and any financial statement line items affected*
    - *If not practicable, disclose reason for not applying to prior periods*

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Implementation Guidance Update

IG Update 2025 Issued – 2026 Update being considered

Implementation Guidance Update

What?

The need for updates to Q&A implementation guidance is considered annually.

Why?

New guidance is added as new pronouncements are issued and new issues arise.

When?

The Board issued an Exposure Draft of 2025 in November 2024.

Final was issued June 2025.

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

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Implementation Guide Update—2025

- **New questions related to:**
  - ✓Statement 103
  - ✓Statement 101
  - ✓Statement 100
  - ✓Statement 91
  - ✓Statement 87
- **Amendments to existing questions related to:**
  - ✓Capital assets (7.9.6 in Implementation Guide 2015-1)
  - ✓Special revenue funds (Z.54.30 in Implementation Guide 2015-1)
- **Issued in June 2025 (Question 4.16 effective upon issuance).**

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Q&A – Implementation Guide 2025 Update

- **4.3. Q—If the principal ongoing operation of a business-type activity (BTA) or an enterprise fund is leasing property to other entities, should interest revenue related to leases be reported as operating revenue?**
  - A—No. Interest revenue is a revenue related to financing, which, in accordance with paragraph 13 of Statement 103, is a nonoperating revenue unless financing transactions constitute the proprietary fund's principal ongoing operations. If the principal ongoing operation of a BTA or an enterprise fund is leasing property to other entities, the principal ongoing operation is conveying control of the right to use an underlying asset. Because interest revenue related to a lease is recognized from financing the operation of conveying control of the right to use an underlying asset, rather than from the operation itself, interest revenue from a lease should not be reported as operating revenue.

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Q&A – Implementation Guide 2025 Update

- **4.4. Q—Paragraph 54 of Statement 87 requires that the deferred inflow of resources related to a lease be recognized as inflows of resources (for example, revenue) over the term of the lease. If reported as revenue, should a BTA or an enterprise fund report those inflows of resources as operating revenue?**
  - A—Yes. Paragraph 13 of Statement 103 provides that operating revenues are revenues other than nonoperating revenues and that revenues related to financing are nonoperating revenues. As discussed in Question 4.3, only interest revenue recognized from a lease is related to financing. Revenue recognized from the deferred inflow of resources related to a lease, therefore, is not related to financing. Such revenue does not meet any of the other categories for nonoperating revenue and, therefore, should be reported as operating revenue.

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Q&A – Implementation Guide 2025 Update

- **4.5. Q—How should subsidies be classified if resources are used for the acquisition of capital assets in circumstances in which the provider of a subsidy did not limit the use of the resources to the acquisition of capital assets?**
  - ✓A—Subsidies are classified as noncapital subsidies if the provider of the subsidy either does not limit the use of the resources or limits the use of the resources to something other than the acquisition of capital assets. Subsidies are only classified as capital subsidies if the provider of the subsidy has limited the use of the resources to the acquisition of capital assets.

Q&A – Implementation Guide 2025 Update

- **4.6. Q—Do payments in lieu of taxes (PILOTs) made by a BTA or proprietary fund meet the definition of subsidies?**
  - ✓ A—It depends on the substance of the transaction. In many circumstances, a PILOT is an arrangement in which (a) a payment from a BTA or proprietary fund is made either to the general fund of the primary government or to another government to compensate for tax revenue lost due to tax exemptions for the purpose of supporting general governmental activities and (b) the BTA or proprietary fund establishes a rate or fee that produces operating income greater than or equal to the amount of the PILOT. In these circumstances, the PILOT would meet the definition of subsidies. However, in other circumstances, a PILOT is a payment from a BTA or proprietary fund to another government or fund for goods or services provided to the BTA or proprietary fund. In those circumstances, the PILOT would not meet the definition of subsidies. The name of the arrangement is not relevant to the determination of whether it is a subsidy for accounting and financial reporting purposes.

Q&A – Implementation Guide 2025 Update

- **4.7. Q—An insured individual receives covered healthcare services from a governmental healthcare provider, resulting in recognition of a revenue and receivable by the governmental healthcare provider. The third-party insurer is responsible for making payments to the governmental healthcare provider in accordance with the terms of the insurance contract. Does this circumstance meet the criterion established in paragraph 14a of Statement 103 for purposes of the definition of subsidies?**
  - ✓A—No. Even though the third-party insurer did not directly receive goods or services from the governmental health care provider, these payments do not meet the criterion in paragraph 14a. The insured individual received goods or services from the governmental healthcare provider that resulted in the healthcare provider receiving resources in the form of a receivable. The third-party insurer is paying the governmental healthcare provider in place of the insured individual because of the contractual relationship between the insured individual and the third-party insurer.

Q&A – Implementation Guide 2025 Update

4.15. Q—Is a future pay rate that is known (for example, because the next year's salary increases are approved or a collective bargaining agreement is in place) a rate different from the employee's pay rate at the time the payment is made as described in paragraph 17 of Statement 101?

A—No. Paragraph 17 of Statement 101 describes a circumstance in which leave is more likely than not to be paid at a rate different from the employee's pay rate in effect at the future date when the payment is made, such as a percentage of that pay rate or a set dollar amount. Governments should not use future pay rates, even if known, in the measurement of the liability for leave that is more likely than not to be paid at the future pay rate. Paragraph 20 of Statement 101 requires future pay rate changes to be recognized in the period of the change.

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Q&A – Implementation Guide 2025 Update

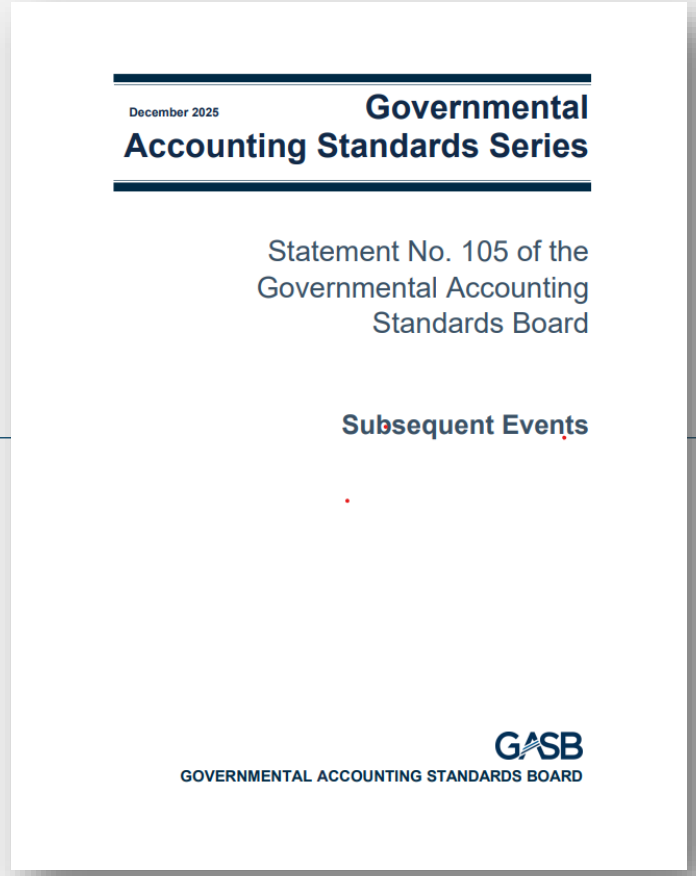
4.16. Q—If a primary government is implementing Statement 103 for its fiscal year ended June 30, 2026, and it will include in its financial statements a component unit with a fiscal year-end of December 31, 2025 (in accordance with the provisions in paragraph 59 of Statement No. 14, *The Financial Reporting Entity*), when should the component unit implement Statement 103?

A—For the purposes of implementing Statement 103, which requires changes to the presentation of certain financial statements, the component unit should implement that Statement in its December 31, 2025 financial statements.

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Subsequent Events

Statement No. 105



Subsequent Events

What?

Clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

Why?

Existing guidance is based on other literature dating back to 1972 and generally has not been reevaluated.

When?

Effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

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Exposure Draft Proposals

- **Scope**
  - ✓Proposed requirements should be applied in the absence of more specific GASB standards.
- **Subsequent events time frame**
  - ✓Date the financial statements are available to be issued.

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Exposure Draft Proposals

- **Recognized events**
  - ✓Occur during the subsequent events time frame
  - ✓Indicative of conditions existing at the financial statement date that informs inputs to an accounting estimate measured as of the financial statement date
  - ✓Should be incorporated into measurement of accounting estimates reported as of the financial statement date.

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Exposure Draft Proposals

➢Nonrecognized events

- ✓Occur during the subsequent events time frame
- ✓Have a significant effect (favorable or unfavorable) on the basic financial statements in the period in which the event occurs
- ✓Either are:
  - *One of the following specific events: debt-related transaction, combination/disposal, change to legally separate entities, ~~application of new tax rate~~, or*
  - *Of such a nature to be essential to a user's analysis for making decisions or assessing accountability*
- ✓Should be disclosed in notes to financial statements

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Exposure Draft Proposals

➢ Notes to financial statements

- ✓ Description of nonrecognized event
- ✓ Estimate of the effect of the nonrecognized event on basic financial statements
  - *Or reason why an estimate cannot be made*
- ✓ Correspond to reporting units
  - *Subject to paragraph 63 of Statement 14*
  - *Combine information to avoid unnecessary duplication*

➢ Effective date and transition

- ✓ Fiscal years beginning after June 15, 2026, and all reporting periods thereafter
- ✓ Prospective application

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Subsequent Events

➢Definitions of recognized and nonrecognized events

- ✓Recognized – Indicative of conditions existing at the financial statement date that informs inputs to an accounting estimate measured as of the financial statement date
- ✓Nonrecognized – Have a significant effect (favorable or unfavorable) on the basic financial statements in the period in which the event occurs. Either are:
  - *One of the following specific events: debt-related transaction, combination/disposal, change to legally separate entities, or*
  - *Of such a nature to be essential to a user's analysis for making decisions or assessing accountability*

➢Subsequent events time frame

- ✓Date the financial statements are available to be issued.

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Subsequent Events

- **Notes to the financial statements**
  - ✓Date the financial statements are “available to be issued”.
  - ✓Description of nonrecognized event
  - ✓Estimate of the effect of the nonrecognized event on basic financial statements
    - *Or reason why an estimate cannot be made*
  - ✓Correspond to reporting units
    - *Subject to paragraph 63 of Statement 14*
    - *Combine information to avoid unnecessary duplication*

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Current Technical Agenda Projects

Technical Plan Overview

- **Comprehensive Projects:**
  - ✓ Revenue and Expense Recognition
- **Major Projects:**
  - Going Concern / Severe Financial Stress
  - Infrastructure Assets
- **Practice Issues:**
  - Implementation Guide— Statement 103 and Subsidies
- **Technology Project:**
  - Voluntary Digital Financial Reporting
- **Research Activities:**
  - Cybersecurity Risk Disclosures
  - Revenue and Expense – Note Disclosures
  - GAAP Structure
  - Pension & OPEB Disclosures – Concepts Statement 7

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Implementation Guide – FRM Subsidies

Medicaid

- 4.1. Q—A government provides supplemental payments to hospitals in addition to the standard contractual Medicaid base payments made on a fee-for-service or managed-care basis. In this circumstance, the supplemental payments are not part of any contractual relationship between the patient and the government for healthcare coverage. Do those supplemental payments received by a hospital that reports as a BTA or an enterprise fund meet the definition of subsidies in paragraph 14a of Statement 103?
  - ✓ *A—Yes. In contrast to a circumstance in which there is a contractual relationship between the patient and the government for healthcare coverage, the patient has no contractual relationship for healthcare coverage associated with supplemental payments. Therefore, in this circumstance, the supplemental payments would meet the definition of subsidies because the payments (a) are not related to the goods or services provided by the hospital as part of the contractual relationship with the patient and (b) allows the hospital's current or future charges to be lower than they would be otherwise. (See also Question 4.7 in Implementation Guide 2025-1 regarding contractual arrangements for covered medical services.)*

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Higher Education Donations

- 4.2. Q—A higher education institution that reports as a BTA or an enterprise fund receives donations for scholarships from individuals who do not receive goods or services in return. Do those donations meet the definition of subsidies in paragraph 14a of Statement 103?
  - ✓ *A—Yes. Those donations for scholarships received by a higher education institution meet the definition of subsidies because they (a) are received from parties who have not received goods or services from the higher education institution and (b) keep the higher education institution's current or future tuition or other charges lower than theyit would be otherwise.*

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Published Tuition Rates

- 4.3. Q—Would the answer to Question 4.2 change if the published tuition rates do not change based on the donations for scholarships received?
  - ✓ *A—No. Regardless of whether published tuition rates change, donations for scholarships either directly or indirectly keep current or future tuition or other charges paid lower than they would be otherwise. Therefore, even if the published tuition rates do not change, donations for scholarships meet the definition of subsidies.*

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Research Grants

- 4.4. Q—Do research grants received by a higher education institution that reports as a BTA or an enterprise fund meet the criterion established in paragraph 14a(2) of Statement 103 for purposes of the definition of subsidies?
  - ✓ *A—It depends on the substance of the transaction. For example, if the higher education institution receives a research grant that is used to offset operating expenses, such as salaries and laboratory costs, that would exist in absence of the grant, the grant funds received would allow the higher education institution to keep the tuition or other charges lower compared to what would be charged had the higher education institution not received the grant. Therefore, the research grant would meet the criterion established in paragraph 14a(2). In contrast, other research grants are not used to offset operating expenses, such as salaries and laboratory costs, that would exist in the absence of the grant. In those circumstances, the grant funds received would not allow the higher education institution to keep the tuition or other charges lower compared to what would be charged had the higher education institution not received the grant. Therefore, the research grant would not meet the criterion established in paragraph 14a(2) because the proceeds do not keep current or future tuition or other charges lower than they would be otherwise.*

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Taxes imposed by BTA

- 4.5. Q—Does a tax imposed by a BTA meet the definition of subsidies in paragraph 14a of Statement 103?
  - ✓ *A—Yes. Taxes imposed by a BTA meet the definition of subsidies because they (a) are received from parties who do not directly receive goods or services from the BTA as a result of the tax and (b) directly or indirectly keep the BTA's current or future fees and charges lower than they would be otherwise.*

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Passenger Facility Charges

- 4.6. Q—Passenger facility charges fund airport projects approved by the Federal Aviation Administration. Do passenger facility charges received by an airport that reports as a BTA or an enterprise fund meet the definition of subsidies in paragraph 14a of Statement 103?
  - ✓ *A—Yes. Similar to taxes discussed in Question 4.5, passenger facility charges are fees imposed on passengers that meet the definition of subsidies because they (a) are received from parties who do not directly receive goods or services from the airport as a result of the fee and (b) allow the airport to directly or indirectly keep current or future fees and charges to airlines and concessionaires lower than they would be otherwise.*

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Revised Q&A (Question 4.5 in 2025-1)

- 5.1. Q—How should subsidies be classified if the resources are used for the acquisition of capital assets in circumstances in which the use of the resources is not limited by the provider to the acquisition of capital assets?
  - *A—Unless there are other external limitations, such as legislation or regulation, that limit the use of the resources to capital purposes, the subsidies should be classified as noncapital because the use of the resources is not limited. The recipient's use of all or a portion of a subsidy for capital purposes does not, by itself, result in all or a portion of the subsidy being classified as a capital subsidy.*

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Infrastructure Assets

Infrastructure Assets

What?

The GASB is evaluating existing guidance related to infrastructure assets and the usefulness of information reported by governments.

Why?

Stakeholders have asked the GASB to review various aspects of infrastructure asset reporting; the most relevant standards have been in effect 15-20 years.

When?

The Board issued a Preliminary Views in September 2024.

Comment deadline was January 17, 2025.

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

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Proposal on Measurement Using Historical Cost

Estimated useful lives and salvage values of infrastructure assets should be reviewed periodically and adjusted, if necessary

Each component of an infrastructure asset with a cost that is significant in relation to the total cost of the infrastructure assets should be depreciated separately if the useful live is **substantively** different

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Proposed Disclosures

Change in policy for capitalizing infrastructure assets or estimating useful lives of infrastructure assets

Summary of policy for monitoring and maintaining or preserving infrastructure assets

Maintenance and preservation expense for infrastructure assets during the reporting period

Historical cost of infrastructure assets that have exceeded 80 percent of their estimated useful lives with separate disclosure of those (a) that have exceeded their estimated useful lives and (b) those that have exceeded 80 percent of their estimated useful life

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Proposed Removed Disclosures

Description of modified approach in summary of significant accounting policies for infrastructure assets reported using the modified approach

Infrastructure assets that were not, and were not required to be, reported with the implementation of Statement 34

Carrying amount of impaired infrastructure assets that are idle at year-end

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Project Timeline

Pre-Agenda Research Started	August 2019
Added to Current Technical Agenda	April 2023
Deliberations Began	May 2023
Preliminary Views Issued	September 2024
Exposure Draft Scheduled to Be Considered for Issuance	April 2026

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Going Concern Uncertainties and Severe Financial Stress: Reexamination of Statement 56

Going Concern Uncertainties and Severe Financial Stress

What?

The Board will review existing standards related to going concern and address issues related to disclosures regarding going concern uncertainties and severe financial stress.

Why?

As it is currently defined, going concern may not be meaningful for governments, which hardly ever go out of business; users need information about governments' severe financial stress, but that information is not readily available.

When?

The Board issued a Preliminary Views in March 2025.

Comment deadline was June 30, 2025.

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Preliminary Views– Severe Financial Stress

- **Disclosures required if government is experiencing financial difficulties at such a degree that it is near or at the point of insolvency**
  - ✓ Regardless of continued existence
  - ✓ Condition as of the financial statement date
  - ✓ Guidance to help evaluate whether government is near insolvency
- **Disclosures to be made**
  - ✓ Reasons and causes for the condition
  - ✓ Government's evaluation of significance of those reasons and causes
  - ✓ Actions taken in response
  - ✓ Known effects

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Preliminary Views – Probable Dissolution

- **Disclosures required if probable that government will cease to exist as legally separate entity within 12 months from the date FS available to be issued**
  - ✓Regardless of financial condition
  - ✓Could be merger, acquisition, or dissolution without replacement
- **Disclosures to be made**
  - ✓Reasons and causes for PD
  - ✓Government's evaluation of significance of those reasons and causes
  - ✓Actions taken in response
  - ✓Recoverability or classification of assets and liabilities

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Project Timeline

Pre-Agenda Research Started	April 2015
Added to Current Technical Agenda	December 2021
Deliberations Began	July 2022
Preliminary Views Issued	March 2025
Exposure Draft Scheduled to Be Considered for Issuance	June 2027

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Revenue and Expense Recognition

Revenue and Expense Recognition

What?

The Board has proposed a comprehensive model for recognition of revenues and expenses

Why?

Guidance for exchange transactions is limited; guidance for nonexchange transactions could be improved and clarified

When?

Exposure Draft possibly in 2026.

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Broad Project Objective

Develop a comprehensive, principles-based model that establishes guidance applicable to a wide range of revenue and expense transactions to:

- Expand on areas where there is no guidance—expenses
- Expand on areas where there is limited guidance—certain revenues
- Consider practice issues and challenges identified in current guidance—Statement 33
- Consider the conceptual framework—issued after Statement 33
- Consider performance obligation recognition

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Project Timeline

Pre-Agenda Research Started	September 2015
Added to Current Technical Agenda	April 2016
Invitation to Comment Cleared	January 23, 2018
Preliminary Views Approved	June 2020
Redeliberations Began	May 2021
Exposure Draft to Be Considered for Issuance	June 2028

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Voluntary Digital Financial Reporting

Scope and Status

GASB – What is a Taxonomy?

City of ABC
For Year Ended December 31, 2024
(dollars in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	$ 585,790	$ 98,597	$ 41,812	$ 9,747
Public safety	630,018	100,680	35,115	12

Fact Properties:
In USD
Scaled, thousands
Credit Balance
Accrual Basis of Accounting
Element of Duration
Year end: December 31, 2024

Reported amount
100,680,000

Reportable element:
Program Revenue

Type of program revenue:
Charges for services

Function/Program:
Public safety

Reporting entity component: primary government

Type of activity:
Governmental activities

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Project Update



- Framework for ***voluntary*** financial digital reporting
- TCG focused on users of financial information *and* technologists
- Project phases, limited timeline identified and first due process

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GASB-GAAP Taxonomy
Voluntary Digital Financial Reporting Project
Phase I

Discussion Memorandum



Scheduled to be approved in December 2025

Solicit input on the architectural design of certain parts of the taxonomy

Additional Due Process Documents (multiple)



We expect several iterations before proposing a final taxonomy

Final Taxonomy Phase I

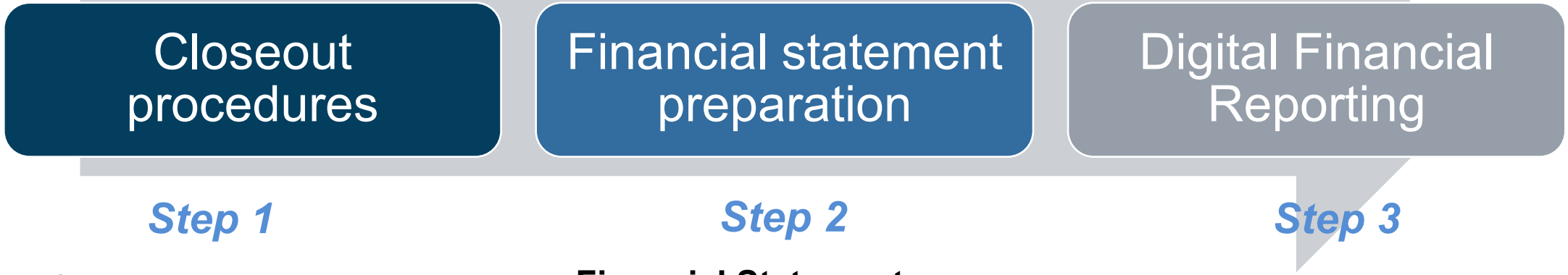


Undetermined

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Preparers: What changes in digital reporting?



Step 1

Closeout Procedures:

1. Reconciliations
2. Account balance reviews
3. Year-end adjusting Entries

No changes expected that are associated with digital financial reporting

Step 2

Financial Statement Preparation

1. Exporting trial balances and format financial statements
2. Craft narratives for unstructured data
3. Develop supporting schedules

Possible changes IF a government chooses to implement a reporting tool

Step 3

Digital Financial Reporting

1. Take "files" (excel, word, or other format) from Step 2 and tag them with XBRL data
2. Generate an HTML file

New step associated solely with digital financial reporting

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Research Activities

- Cyber-security Risk Disclosures
- Revenue and Expense Recognition – Note Disclosures
- Pension & OPEB Note Disclosures – Concepts Statement 7
- GAAP Structure

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Monitoring

- Impact of Technology on Financial Reporting
- Digital Assets
- Environmental Credits
- Other?

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Post-Implementation Reviews (PIR)

What is PIR?

The GASB monitors and supports implementation of all of its pronouncements.

For Statements resulting from comprehensive projects and major projects that address a fundamental aspect of the standards, the GASB also:

- Examines a random sample of financial reports for the year prior to, year of, and year after implementation.
- Collects information from their preparers regarding staff hours and nonstaff costs for those three years.
- Examines financial reports for the same random sample in the fifth year of implementation.
- Conducts stakeholder roundtables and surveys regarding their experience with the standards.
- Reports the findings publicly.

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What is the status of the PIRs?

Pensions	Issued and made available on the GASB website
Fair Value	Issued and made available on the GASB website
OPEB	Analysis of prior year, implementation year, and second year of implementation financial reports completed, fifth year of implementation in progress; Collection of implementation effort and cost information completed; All roundtables completed, results are being summarized and analyzed
Fiduciary Activities	Collection of implementation effort and cost information completed
Leases	Collection of information regarding implementation efforts and cost for pre-implementation year, implementation year, and post-implementation year continues

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Questions?

Visit www.gasb.org