

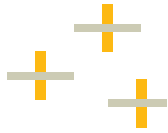
# You Had Me at GASB Update: New Standards, New Challenges



**PURVIS GRAY**  
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# You Had Me at GASB Update: New Standards, New Challenges



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# Overview

**Recap- GASB 100 Accounting Changes and Error Corrections**

**Discuss upcoming GASB Pronouncements**

- **GASB 101 – Compensated Absences**
- **GASB 102 – Certain Risk Disclosures**
- **GASB 103 – Financial Reporting Model Improvement**
- **GASB 104 – Disclosure of Certain Capital Assets**
  - **Disclosures**
  - **Examples**

## **GASB Statements Issued by Decade**



<b>Years</b>	<b># of GASBs Issued</b>	<b>Avg per Year</b>
1984-1989	10	1.7
1990s	25	2.5
2000s	23	2.3
2010s	33	3.3
2020- present	13	2.6
<b>Total</b>	<b>104</b>	<b>2.5</b>

A woman with dark hair and glasses, wearing a yellow sweater, is sitting at a desk. She has her right hand pressed against her forehead, looking tired or stressed. The desk is cluttered with several stacks of papers, some tied with rubber bands, and several white coffee cups. The background is dark and out of focus, suggesting an office or library setting. The overall mood is one of frustration or exhaustion.

# Recap

## **GASB 100, *Accounting Changes and Error Corrections***

# Look Back at GASB 100

---

- Clarifies definitions and concepts
- Provides guidance on how to present accounting changes and error corrections
- Ensure consistency on how changes should be presented in Notes to Financial Statements

Statement No. 100 of the  
Governmental Accounting  
Standards Board

Accounting Changes and Error Corrections

an amendment of GASB Statement No. 62



# Two Main Items Discussed



## Accounting Changes

- Account Principle
- Accounting Estimate
- To or Within the Reporting Entity



## Error Correction

# Change in Accounting Principle

Change in Accounting Principle - This refers to transitioning from one generally accepted accounting principle to another.

Does not include going from non-GAAP to GAAP, it would not be considered a change in accounting principle.

Restatements are made retroactively, and are required for all prior periods, **except for RSI and SI**, which is only restated for the current year.



# Change in Accounting Estimate

Change in Accounting Estimate- Amounts subject to measurement uncertainty and caused by a change to inputs.

Changes to inputs result from a change in circumstance, new information, or more experience.

Restatements are made prospectively, reported in the period in which the change occurs.

# Correction of an Error

- Error Corrections- mistakes found in the financial statements.
  - This includes calculation errors, errors in implementation or oversight or misuse of facts.
- Restatements are made **retroactively**, and are required for all prior periods, including RSI and SI for all periods (unlike change in accounting principles)

# Change to or Within a Reporting Entity

## Change to or within a reporting entity

- Additions or removal of Component Unit (CU).
- Change from the CU's presentation as discretely presented or blended.
- Change in funds from major to nonmajor

Changes to or within the reporting entity are adjusted for the beginning period being presented.

# Notes to Financial Statements

## **Changes to or within the Financial Reporting Entity Change in Component Unit Presentation**

The Foundation was previously reported as a blended component unit in the Enterprise Fund because its board was substantially the same as the City Council. However, new legislation was passed during the year that prevents members of the City Council from serving on the Foundation's board. Therefore, because the board is no longer substantially the same, the Foundation no longer meets the requirements for presentation as a blended component unit and is discretely presented for the fiscal year ended December 31, 2024. The effects of that change to or within the financial reporting entity are shown in Column A of the table below.

# Notes to Financial Statements

	12/31/20X1 As Previously Reported	Change to or within the Financial Reporting Entity (A)	Change to or within the Financial Reporting Entity (B)	Error Correction (C)	12/31/20X1 As Restated
<b>Government-Wide</b>					
Governmental Activities	\$ 768,033	\$ -	\$ -	\$ 71,312	\$ 839,345
Business-Type Activities	543,163	(2,184)	-	-	540,979
<b>Total Primary Government</b>	<b>\$ 1,311,196</b>	<b>\$ (2,184)</b>	<b>\$ -</b>	<b>\$ 71,312</b>	<b>\$ 1,380,324</b>
<b>Governmental Funds</b>					
Major Funds:					
General Fund	\$ 631,607	\$ -	\$ -	\$ -	\$ 631,607
Fund A	100,922	-	-	-	100,922
Nonmajor Funds	40,486	-	-	-	40,486
<b>Total Governmental Funds</b>	<b>\$ 773,015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 773,015</b>
<b>Proprietary Funds</b>					
Major Funds:					
Enterprise Fund C	\$ 418,910	\$ -	\$ -	\$ -	\$ 418,910
Enterprise Fund D	74,831	(2,184)	-	-	72,647
Nonmajor Funds	49,422	-	-	-	49,422
<b>Total Proprietary Funds</b>	<b>\$ 543,163</b>	<b>\$ (2,184)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 540,979</b>
<b>Fiduciary Funds</b>					
Pension and Other Employee Benefit Trust Funds	\$ 3,071,227	\$ -	\$ -	\$ -	\$ 3,071,227
<b>Discretely Presented Component Units</b>					
ABC Authority	\$ 1,696	\$ -	\$ -	\$ -	\$ 1,696
QRS Foundation	-	2,184	-	-	2,184
XYZ Foundation	-	-	1,500	-	1,500
Nonmajor Component Units	2,730	-	-	-	2,730
<b>Total Discretely Presented Component Units</b>	<b>\$ 4,426</b>	<b>\$ 2,184</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ 8,110</b>

# Notes to Financial Statements

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances					
	Funds	Government-Wide		Component Units	
	Enterprise Fund D	Governmental Activities	Business-Type Activities	QRS Foundation	XYZ Foundation
<b>12/31/X1, as previously reported</b>	<b>\$ 74,831</b>	<b>\$ 768,033</b>	<b>\$ 543,163</b>	<b>\$ -</b>	<b>\$ -</b>
Change from blended to discrete presentation	(2,184)	-	(2,184)	2,184	-
Addition of discretely presented component unit	-	-	-	-	1,500
Error correction	-	71,312	-	-	-
<b>12/31/X1, as restated</b>	<b>\$ 72,647</b>	<b>\$ 839,345</b>	<b>\$ 540,979</b>	<b>\$ 2,184</b>	<b>\$ 1,500</b>

**CITY OF MATT, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	SRF	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes and Impact Fees	\$ 31,633,955	\$ 2,491,258	\$ -	\$ 4,572,533	\$ 38,697,746
Intergovernmental Revenues	18,555,225	-	-	58,000	18,613,225
Investment Income	1,702,876	309,048	363,394	698,652	3,073,970
<b>Total Revenues</b>	<b>51,892,056</b>	<b>2,800,306</b>	<b>363,394</b>	<b>5,329,185</b>	<b>60,384,941</b>
<b>Liabilities and Funds Balances</b>					
<b>Expenditures</b>					
Current:					
General Government	19,019,656	-	85,480	-	19,105,136
Debt Service:					
Principal	830,888	-	-	1,268,500	2,099,388
Interest and Fiscal Charges	32,947	-	-	2,031,773	2,064,720
Capital Outlay:					
General Government	-	-	346,052	624,291	970,343
<b>Total Expenditures</b>	<b>19,883,491</b>	<b>-</b>	<b>431,532</b>	<b>3,924,564</b>	<b>24,239,587</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>32,008,565</b>	<b>2,800,306</b>	<b>(68,138)</b>	<b>1,404,621</b>	<b>36,145,354</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	9,147,796	-	11,582,400	3,816,276	24,546,472
Transfers Out	(15,398,676)	-	(6,435,312)	-	(21,833,988)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,250,880)</b>	<b>-</b>	<b>5,147,088</b>	<b>3,816,276</b>	<b>2,712,484</b>
<b>Net Change in Fund Balances</b>	<b>25,757,685</b>	<b>2,800,306</b>	<b>5,078,950</b>	<b>5,220,897</b>	<b>38,857,838</b>
<b>Beginning Fund Balances, As Previously Reported</b>	<b>33,131,368</b>	<b>-</b>	<b>18,229,026</b>	<b>28,514,419</b>	<b>79,874,813</b>
Change Within Financial Reporting Entity (See Note 18)	-	9,184,905	-	(9,184,905)	-
<b>Beginning Fund Balances, As Restated</b>	<b>33,131,368</b>	<b>9,184,905</b>	<b>18,229,026</b>	<b>19,329,514</b>	<b>79,874,813</b>
<b>Ending Fund Balances</b>	<b>\$ 58,889,053</b>	<b>\$ 11,985,211</b>	<b>\$ 23,307,976</b>	<b>\$ 24,550,411</b>	<b>\$ 118,732,651</b>

## Change to or Within a Reporting Entity

Fund Balance Transfer Will Be Evident on Face Financials

Here is Non-major to Major

All changes can be on single line, detail here not needed



# GHOST COLUMNS



- Just a T.A.D.- GFOA.ORG
- [https://www.youtube.com/watch?v=4N-jbjea\\_WM](https://www.youtube.com/watch?v=4N-jbjea_WM)

You Had Me at GASB Update

# Change to or Within a Reporting Entity

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024



	General Fund	Special Revenue Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Intergovernmental:						
Federal Direct	\$ 267,648	\$ 6,803	\$ -	\$ -	\$ 2,914,907	\$ 4,968,119
State	165,016,120	-	-	-	2,812,970	167,829,090
Local:						
Property Taxes	88,269,477	-	30,246,288	-	-	118,515,765
Miscellaneous	11,560,711	-	55,754	-	11,969,178	23,600,026
Total Local Revenues	99,830,188	-	30,302,042	-	12,076,827	171,922,548
<b>Total Revenues</b>	<b>265,213,373</b>	<b>31,927,977</b>	<b>30,302,042</b>	<b>-</b>	<b>59,990,158</b>	<b>418,925,802</b>
<b>Expenditures</b>						
Current - Education:						
Instruction	161,036,399	14,293,570	-	-	24,461,862	199,791,831
Student Support Services	10,597,797	25,912	-	-	670,140	11,293,849
Instruction and Curriculum Development Services	7,282,321	195,774	-	-	6,453,744	13,931,839
Expenditures						
Fixed Capital Outlay:						
Facilities Acquisition and Construction	\$ 69,146	\$ -	\$ -	\$ -	\$ 1,307,158	\$ 1,376,304
Other Capital Outlay	626,373	450,906	-	-	170,911	1,248,190
Debt Service:						
Principal	-	-	-	-	5,574,000	18,737,427
Interest and Fiscal Charges	-	-	-	-	2,884,345	5,475,148
<b>Total Expenditures</b>	<b>280,308,426</b>	<b>26,644,169</b>	<b>10,295,550</b>	<b>-</b>	<b>62,087,624</b>	<b>403,535,576</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(15,095,053)</b>	<b>5,283,808</b>	<b>20,006,492</b>	<b>-</b>	<b>(2,097,466)</b>	<b>15,390,226</b>
<b>Net Change in Fund Balances</b>	<b>(5,773,883)</b>	<b>-</b>	<b>5,472,976</b>	<b>-</b>	<b>2,865,587</b>	<b>25,677,546</b>
<b>Fund Balances, Beginning</b>	<b>57,116,049</b>	<b>-</b>	<b>17,391,195</b>	<b>27,300,133</b>	<b>29,597,782</b>	<b>150,693,799</b>
<b>Effect of Change in Reporting Entity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,300,133)</b>	<b>27,300,133</b>	<b>-</b>
<b>Fund Balances, Beginning, as Restated</b>	<b>57,116,049</b>	<b>-</b>	<b>17,391,195</b>	<b>-</b>	<b>56,897,915</b>	<b>150,693,799</b>
<b>Fund Balances, Ending</b>	<b>\$ 51,342,166</b>	<b>\$ -</b>	<b>\$ 22,864,171</b>	<b>\$ -</b>	<b>\$ 32,463,369</b>	<b>\$ 176,371,345</b>

**Major to  
Nonmajor**

**May Result in  
Entities  
Declaring More  
Funds  
Qualitatively  
Major (no YoY  
flipping)**

# Key Take Aways

## Correction of an Error, Retroactively

- RSI and SI all prior years affected need corrected. (such as MDA)

No retrospective changes to RSI or SI for change in accounting principles, only restated for the current year

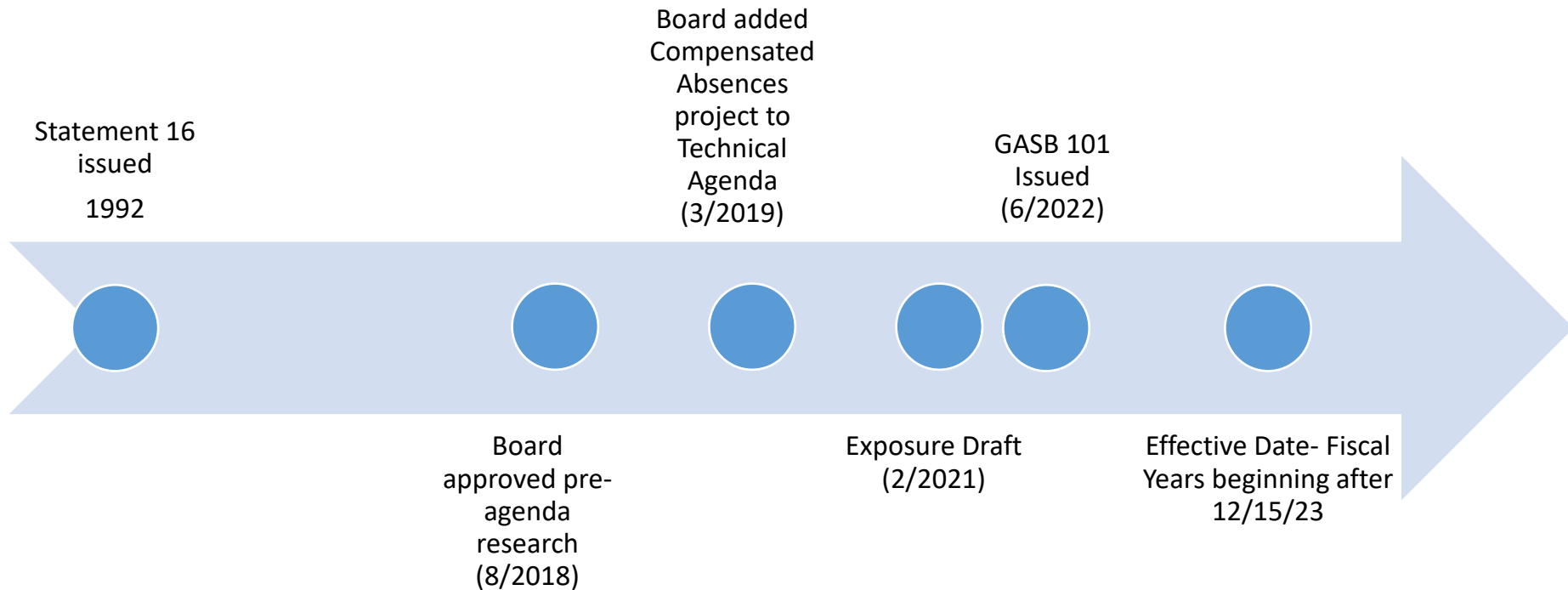
## Ghost Columns for funds going from major to nonmajor

- May keep as Major instead of switching if a funds close and goes back and forth



# **GASB 101, *Compensated Absences***

# Timeline of GASB 101



# Overview of GASB 101



Defines Compensated Absences



List some expectations and different treatments



Guidance for Measuring the Liability



Update to Notes to Financial Statements

# What is the Purpose of GASB 101



Consistency in Treatment -GASB 16 has different treatment for sick and vacation.



New Types of Leave- PTO became more common, used for sick or vacation



Standard Treatment for All Leave- To included certain accrued leave benefits not covered under GASB 16.



17%- Users not following approved GASB 16 for Sick Leave- Grouped sick w/vacation or not at all



# Definition

A ***compensated absence*** is leave for which employees may receive one or more:

- (a) cash payments when the leave is used for time off;
- (b) other cash payments, such as payment for unused leave upon termination of employment; or
- (c) noncash settlements, such as conversion to defined benefit postemployment benefits.

The payment or settlement could occur during employment or upon termination of employment. (GASB 101 para. 3)

# What is New?

## Main Differences:

- New methodology for what is used to qualifying as a liability.
- Previously the criteria was based on a payment being probable, and sick leave under the old standard had different treatments/methods from other liabilities
- The new standard, all leaves have the same treatments/methods for calculating the liability

# What is New?

	Old- GASB 16	New- GASB 101
<b>Criteria</b>	Payment Deemed Probable Sick time accrued for term payout, but not used	Attributed to service already rendered Leave Accumulates More likely than not to be used, paid or settled
<b>Sick time</b>	Termination Method Vesting Method	Same criteria for all compensated absences
<b>Governmental-Funds</b>	If event occurs before YE but not paid; accrue	If event occurs before YE but not paid; accrue
<b>Entity-wide</b>	Old criteria/measurement method Continue reporting long-term and due within 1 year (estimate)	New criteria/measurement method Continue reporting long-term and due within 1 year (estimate)
<b>Notes</b>	Additions and deletions separate	Additions and deletions separate, or net

# Types of Leave to be Considered

Vacation

Sick

Paid Time Off

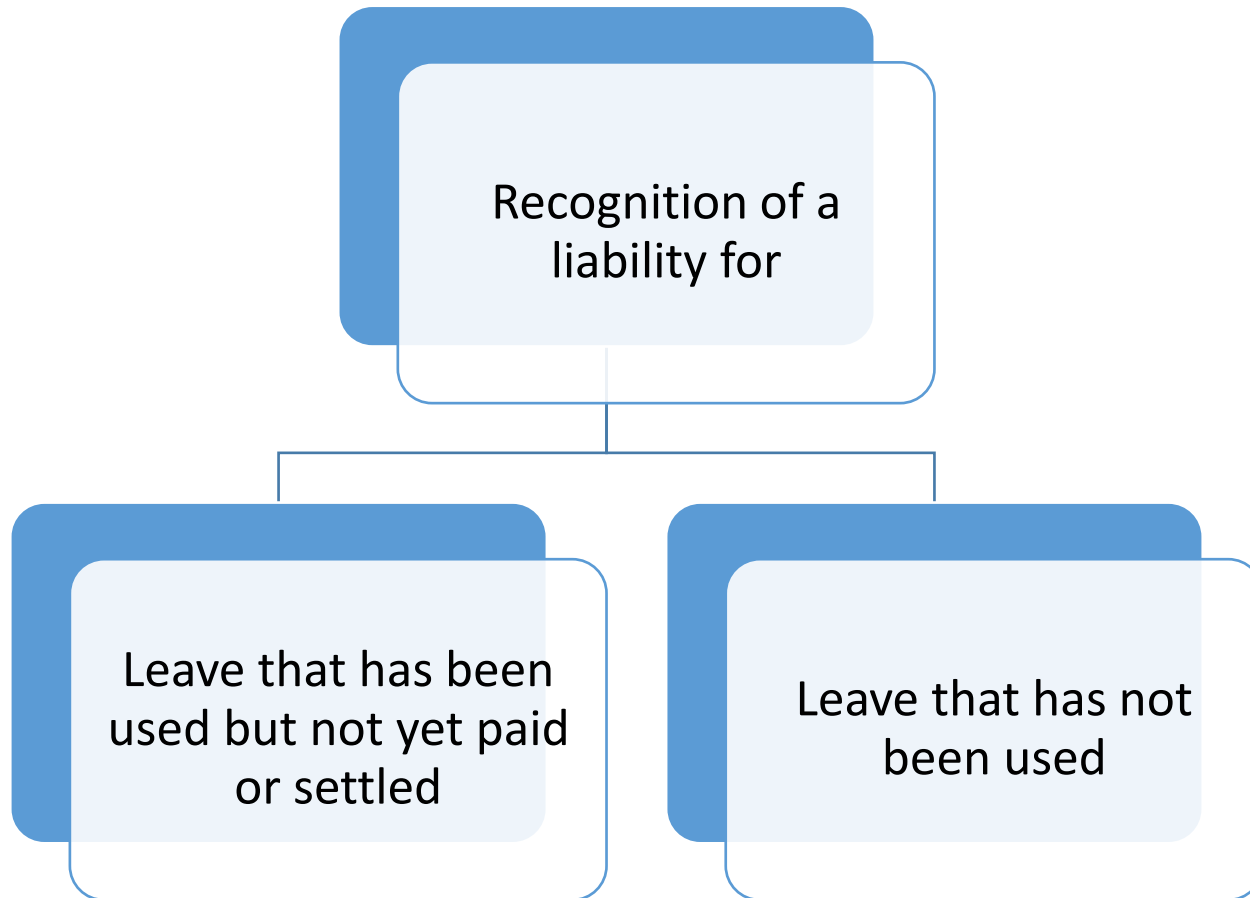
Holidays

Parental  
Leave

Bereavement  
Leave

Sabbatical

# Recognition and Measurement



# Accounting for Used Leave

For leave that has been used, a liability would be recorded when the leave time is used, but not yet paid or settled.

(GASB 101, para. 21)

No Change from Old Standard



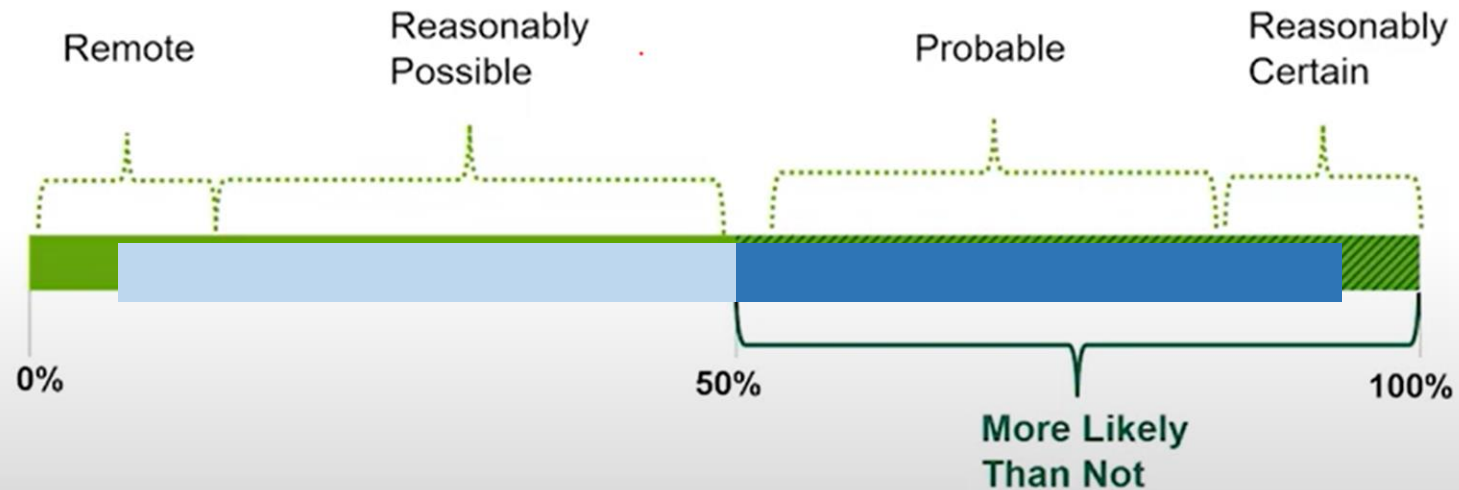
# Accounting for Unused Leave

## Unused Leave, a liability is recorded when

- A leave is attributed to service already rendered
- The leave accumulates (not use it or lose it type policy)
- The Leave is ***more likely than not*** to be used for time off or otherwise paid in cash or settled through noncash means.



# Where Does “More Likely Than Not” Fall?



# Accounting for Leave

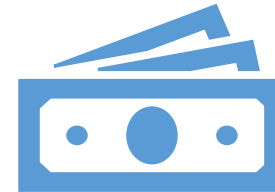
Determining *more likely than not*

- Review the employment policies related to compensated absences
- Review how leave is earned and eligible for future payment
- Review and evaluate historical information about the use, payment, or forfeiture of compensated absences.

# What is included



**Vacation, Sick, PTO**



**Salary-related payments  
directly associated with leave**

Payroll taxes

Other Benefits, HSAs, FSAs if  
applicable

Nonsponsored DC retirement plans

# What is included

Some incrementally associated payment may only be associated with a portion of recognized leave

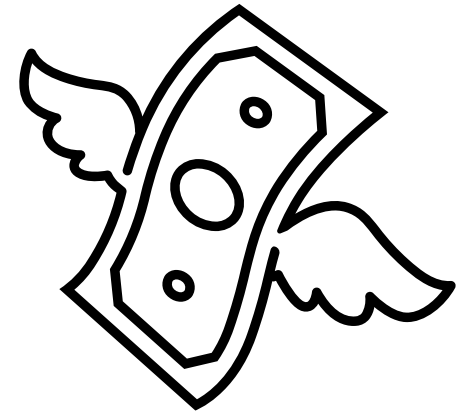
DC may be paid for time off, but not for termination pay.

In this case only the PTO amounts more likely than not to be used would be considered

# What is Excluded

- Exclude:
  - Defined Benefit Pensions
  - Defined Benefit OPEB

Already accounted for in liabilities for GASB 68 and 75



# What is Excluded

- Exclude leaves dependent on sporadic events effecting small portion of employees until the leave commences:
  - Military Leave
  - Parental Leave
  - Jury Duty Leave
  - Bereavement Leave

# Other Exceptions

- A government should not recognize a liability until the leave is used for the following types of leave:
  - Holiday leave that is taken on a specific date not at the discretion of employees
  - Leave that employees are able to take as needed without specific limits (sometimes referred to as *unlimited leave*)



# Calculating the Liability

- **Basic Calculation**
  - hours/days of leave to be paid/used/settled times pay rate
- Payouts at different rates should be considered (ie termination payouts at 50%)

# Treatment

Leave Type	Recognition when
All earned, accumulating leave that is more likely than not to be paid or settled, other than DB pension, and is not included in any of the exceptions below	When leave is earned
Earned, accumulating leave that is more likely than not to be settled through conversion to DB pension or other post-employment benefits.	Not recognized- Excluded from compensated absences
Earned, accumulating leave that is more likely than not to be paid or settled and is dependent on a sporadic event affecting a relatively small portion of employees should not recognize a liability until the leave commences.	When leave commences (recognized on date of commencement of leave)
Holiday leave taken on a specific date or unlimited leave	When leave is taken (recognized on date of use)

# Examples

- Scenario

Sick leave is earned each month but cannot be carried over each fiscal year, and any unused leave is not paid upon termination and can only be used when sick.

How would this leave be calculated?

**If the leave does not carryover and is forfeited at the end of the year, there would be no liability to recognize at year-end**



# Examples

- Scenario  
Sick leave is earned each month and carried over without limits each year, but any unused leave is not paid upon termination and can only be used when sick.

How would this leave be calculated?

**Estimate of MLTN to be used during employment, i.e., historical trends show employees typically leave with 5% of their earned sick leave balance still available upon termination on average. Therefore, you can calculate the Compensated Absences balance as 95% multiplied by the pay rate.**

# Examples

A city's compensated absences policy states the following:

Sick leave is paid out at 75% after 10 years of service

- Accrued sick time for employees over 10 years of service is \$100,000 (Pay Rate \* Accumulated Hours)
- Accrued sick time for employees under 10 years of service is \$500,000 (Pay Rate \* Accumulated Hours)

# Examples

## Assumptions Made:

- Based on historical trends its probably 50% of employees under 10 years stay for more than 10 years (Termination/Vesting Method)
- Based on historical trends about 85% of sick time is more likely than not to be used, paid out or converted to cash. (85% accounts for 75% payout upon termination, even for portion of employees that are not currently more then 10 years)

	< 10 years of Service	> 10 Years of Service	Total
<b>Old Standard</b>	$50\% \times 75\% \times \$500,000 = \$187,500$	$75\% \times \$100,000 = \$75,000$	\$262,500
<b>New Standard- GASB 101</b>	$85\% \times \$500,000 = \$425,000$	$85\% \times 100,000 = \$85,000$	\$510,000

Old Method was calculated to only determine portion to be paid out upon vesting/termination and doesn't account for portions to be used, which the new estimate accounted for.

Example just to show methodology. Main factor is to calculate % more likely than not to be used/paid out.

# Examples

An employee receives 30 days of paid maternity leave for a new child. The employee started their maternity leave on the last day of the fiscal year.

How many days of leave are accrued at year-end?

**30 days (assuming the 1 day on the last day of the FY hasn't been paid).**

**Note: If the leave commenced Day 1 of the subsequent FY, no liability would be recorded.**

# Notes to Financial Statements

Long-term Liabilities Disclosure should be presented as either:

1. The separate increases and decreases
2. A net increase or net decrease in its liabilities. If presenting net increase or a net decrease, should indicate that the amount is net (GASB 101, para. 30)
3. No longer required to disclose the governmental fund that is used to liquidate compensated absences

Treat as Change in Accounting Principle in accordance with GASB 100 (Restate Opening Balances)



# Notes to Financial Statements (Current)

## Changes in long-term liabilities

Changes in the NAME OF GOVERNMENT's long-term liabilities for the year ended June 30, 2027, are as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Amount Due Within one Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 77,491,180	\$ 5,810,000	\$ 10,948,317	\$ 72,352,863	\$ 3,886,166
Special assessment bonds	-	4,700,000	-	4,700,000	470,000
Premium	503,327	249,914	83,226	670,015	-
Discount	-	(10,000)	(1,000)	(9,000)	-
Total bonds payable	77,994,507	10,749,914	11,030,543	77,713,878	4,356,166
Private Placement Notes	-	2,000,000	-	2,000,000	200,000
Pension related debt	5,437,453	-	697,896	4,739,557	693,113
Leases	-	57,517	7,930	49,587	10,657
Compensated absences	4,864,074	1,398,215	973,610	5,288,679	2,629,620
Claims	3,869,829	1,761,680	2,070,720	3,560,789	2,174,256
Net pension liability - actuarially funded	38,218,629	9,712,955	10,538,301	37,393,283	-
Total pension liability - non-funded plan	9,720,993	3,063,757	1,282,116	11,502,634	-
Net OPEB liability	40,149,157	24,142,568	25,537,670	38,754,055	-
Total governmental activities	\$ 180,254,642	\$ 52,886,606	\$ 52,138,786	\$ 181,002,462	\$ 10,063,812

The liability for pension-related debt is fully liquidated by the general fund. The private placement note will be liquidated from the general fund. For compensated absences, the general fund normally liquidates 60%, and the library, housing grants, and garage funds normally liquidate 15%, 10%, and 10%, respectively. The remaining 5% is liquidated by other governmental funds and the internal service fund. The entire claims liability is reported in the risk management internal service fund and will be liquidated by that fund. The net and total pension liabilities and the OPEB liability will be liquidated primarily from the general fund, approximately 80%, with the remaining amounts from the library, garage, and internal service funds.

# Notes to Financial Statements (New)

## Illustration 3—Note Disclosure—Net Change in the Liability

COUNTY OF KLAUS  
NOTE X—DETAIL NOTES ON ALL FUNDS  
LONG-TERM DEBT  
Long-Term Liability Activity

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 9,520,000	\$ 1,201,000	\$ (600,350)	\$ 10,120,650	\$ 817,200
Notes Payable	945,600	75,000	(115,000)	905,600	116,500
Total Bonds and Notes Payable	<u>10,465,600</u>	<u>1,276,000</u>	<u>(715,350)</u>	<u>11,026,250</u>	<u>933,700</u>
Other Liabilities:					
Compensated Absences	310,430	143,545*	-	453,975	382,673
Other Obligations	40,820	-	-	40,820	-
Total Other Liabilities	<u>351,250</u>	<u>143,545</u>	<u>-</u>	<u>494,795</u>	<u>382,673</u>
Governmental Activities Long-Term Liabilities	<u>\$ 10,816,850</u>	<u>\$ 1,419,545</u>	<u>\$ (715,350)</u>	<u>\$ 11,521,045</u>	<u>\$ 1,316,373</u>
<b>Business-Type Activities</b>					
Bonds a					
Gi	\$ 12,275,600	\$ 890,000	\$ (1,100,700)	\$ 12,064,900	\$ 988,700
Sales Tax-Backed Bonds	6,670,000	-	(810,000)	5,860,000	635,000
Total Bonds and Notes Payable	<u>18,945,600</u>	<u>890,000</u>	<u>(1,910,700)</u>	<u>17,924,900</u>	<u>1,623,700</u>
Other Liabilities:					
Compensated Absences	56,710	-	(24,985)*	31,725	19,570
Developer Agreements	1,920,909	87,220	(64,932)	1,943,197	-
Other Obligations	37,503	-	-	37,503	-
Total Other Liabilities	<u>2,015,122</u>	<u>87,220</u>	<u>(89,917)</u>	<u>2,012,425</u>	<u>19,570</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 20,960,722</u>	<u>\$ 977,220</u>	<u>\$ (2,000,617)</u>	<u>\$ 19,937,325</u>	<u>\$ 1,643,270</u>

\*The change in the compensated absences liability is presented as a net change.

## W. Adjustments and restatements of beginning balances

During the current year, the NAME OF GOVERNMENT implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the NAME OF GOVERNMENT now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column in the table below.

Due to the increased amount of federal funding being received, the NAME OF GOVERNMENT decided that the Community Development Block Grant (CDBG) Fund should be reported as a major governmental fund even though it does not meet the quantitative threshold that would require it to be reported as such. The CDBG Fund was previously reported as a nonmajor governmental fund. The effect of the change within the financial reporting entity is summarized below in the "Adjustment - CDBG Fund as major fund" column in the following table.

	Net position/fund balance 6/30/2026 as previously reported	Restatement - GASB 101 implementation	Adjustment - CDBG grant fund as major fund	Net position/fund balance 6/30/2026 as restated/adjusted
<b>Government-wide</b>				
Governmental activities	\$ 157,938,679	\$ (620,087)	\$ -	\$ 157,318,592
Business-type activities	32,483,492	(11,109)	-	32,472,383
<b>Total government-wide</b>	<b>\$ 190,422,171</b>	<b>\$ (631,196)</b>	<b>\$ -</b>	<b>\$ 189,790,975</b>
<b>Governmental funds</b>				
Major funds:				
General Fund	\$ 28,372,426	\$ -	\$ -	\$ 28,372,426
Community Development Block Grant Fund	-	-	4,442,850	4,442,850
Capital Projects Fund	6,066,996	-	-	6,066,996
Debt Service Fund	1,118,005	-	-	1,118,005
Nonmajor funds	6,179,835	-	(4,442,850)	1,736,985
<b>Total governmental funds</b>	<b>\$ 41,737,262</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,737,262</b>
<b>Proprietary funds</b>				
<b>Enterprise funds</b>				
Major funds:				
Water Fund	\$ 22,823,183	\$ (11,109)	\$ -	\$ 22,812,074
Transit Fund	9,378,935	-	-	9,378,935
<b>Total enterprise funds</b>	<b>\$ 32,202,118</b>	<b>\$ (11,109)</b>	<b>\$ -</b>	<b>\$ 32,191,009</b>
<b>Internal service funds</b>	<b>\$ 4,035,613</b>	<b>\$ (9,361)</b>	<b>\$ -</b>	<b>\$ 4,026,252</b>





# GASB Tool for Compensated Absences

<https://www.gfoa.org/materials/gasb-101-tool-sick-leave>

# Dollars Paid Approach

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Based on a prior sick leave calculation method, with modifications



Select a representative sample of former employees (by group, contract, etc.)



Develop usage rates and dollar values for former employees



Convert historical data to current dollars and calculate usage ratios to apply to the current workforce



# Dollars Paid Approach

## Former employee pay information

Cash payments for leave used for time off occurs at different times during an employee's years of service, at different pay rates. The dollars-paid approach uses an average pay rate to measure the former employee's estimated amount of sick leave used for time off. Governments will need to gather the following information for the sampled former employees:

- Salary information
- Years of service,
- Number of unused sick leave days at the date of termination,
- Number of sick leave days used during their time as active employees, and
- Dollar amount of sick leave settled in cash at termination.

A time-weighted average salary may be used. A simple average is used here for illustration.

Calculate the average hourly and daily pay rates and pay rates at termination of employment for sampled former employees.

SAMPLE	A		B		C	D	E
	From employee records				(A + B)/2	(B x 8)	(C x 8)
	Hourly rate at hire date	Hourly rate at termination date	Hourly rate at termination date	rate at date	Average hourly rate	of termination	Average daily pay
Former employee #1	\$ 43.37	\$ 65.53			\$ 54.45	\$ 524	\$ 436
Former employee #2	20.40	21.63			21.02	173	168
Former employee #3	44.40	83.86			64.13	671	513
Former employee #4	37.39	43.47			40.43	348	323
Former employee #5	33.68	45.24			39.46	362	316

# Dollars Paid Approach

## Salary-related payments

The measurement of a compensated absence liability for leave should include an amount for salary-related payments.

In this example, for sick leave that is used as time off, the government would need to make Social Security and Medicare payments as well as the employer contribution to the defined contribution pension plan, totaling 12.65 percent. The same holds true for any other salary-related payments that are material. Also in this example, since the government does not contribute to the defined contribution pension plan for sick leave settled in cash, only 7.65 percent of the cash payment is added as a salary-related payment.

Calculate the salary-related payments applicable to sick leave used as time off and sick leave settled in cash.

	For leave that is used as time off	For leave that is settled in cash
Social Security (6.2%)	6.20%	6.20%
Medicare (1.45%)	1.45%	1.45%
457b DC plan (5%)	5.00%	0.00%
<b>Total % of salary related payments</b>	<b>12.65% F1</b>	<b>7.65% F2</b>

# Dollars Paid Approach

## 1. Converting former employee information to today's dollars and calculating ratios of usage to apply to current workforce

Data from Sick Leave Tracking												
	Years of service	Accumulated unused sick leave (days)	Sick leave used (days)	Sick leave days settled in cash	Daily pay rate at date of termination	Average daily pay	Sick leave settled in cash	Estimated value of leave used	Years since payment (from employee records)	Present value factor	Sick leave settled in today's dollars	Sick leave used in today's dollars
	G	H	I	J	K	L	M	N	O	P	Q	R
SAMPLE				(if G>= 10 yrs, use H, H is limited to 150 days)			(If G>= 10 yrs, (J x cap%) x K)					
	(From records)	(From records)	((G x 12 months)-H)		(From D above)	(From E above)		(I x L)	(From records)	(Interest Rate ^ O)	(M x P)	(N x P)
	Enter months =>		12	10	<= Enter years		10	Enter interest rate =>		1.0325		
				150	Cap %, if none then 100% =>		30%					
Former employee #1	32	163	221	150	\$ 524	\$ 436	\$ 23,580	\$ 96,356	5	1.1734	\$ 27,669	\$ 113,065
Former employee #2	6	50	22	-	173	168	-	3,696	4	1.1365	-	4,200
Former employee #3	23	100	176	100	671	513	20,130	90,288	3	1.1007	22,157	99,380
Former employee #4	20	179	61	150	348	323	15,660	19,703	2	1.0661	16,694	21,005
Former employee #5	18	85	131	85	362	316	9,231	41,396	1	1.0325	9,531	42,741
Totals	99	577	611	485							\$ 76,051	\$ 280,391
		H1	I1	J1								



# Dollars Paid Approach

## 2. Calculation of sick leave to be settled in cash

Total days settled in cash for sample of former employees  
Average settlement in cash per day paid out

T (sum of J1)	485
U (\$ / T)	\$ 157

Total sick leave accrued at FYE for active employees (days)  
Percentage of days more likely than not to be settled in cash  
Days more likely than not to be settled in cash

V (from records)	1,644
W (from TT below)	40.82%
X (V x W)	671

Projected sick leave to be settled in cash for active employees  
Assume lower average salary level of active employees  
Projected payout for active employees, at assumed lower rates

Y (U x X)	\$ 105,347
Z (Mgmt assumption)	80.0%
AA (Y x Z)	\$ 84,278

Salary-related payment percentage applicable to sick leave settled in cash  
Salary-related payments

BB (from F2 above)	7.65%
CC (AA x BB)	\$ 6,447

**Totals liability for sick leave to be settled in cash**

DD (AA + CC)	<u>\$ 90,725</u>
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# Dollars Paid Approach

## 3. Calculation related to sick leave to be used as time off

Total days used as sick leave for sample of former employees	FF (from I1 above)	611
Average value for day used for sample of former employees	GG (EE / FF)	\$ 459
Total sick leave accrued at FYE for active employees (days)	HH (from records)	1,644
Percentage of days used to days earned for sample of former employees	II (from SS below)	51.43%
Days more likely than not to be used as sick leave	JJ (HH x II)	846
Projected value for days more likely to be used by active employees	KK (GG x JJ)	\$ 388,314
Assume lower average salary level of active employees	LL (Mgmt assumption)	80.0%
Estimated value of sick leave used applied to active employees	MM (KK x LL)	\$ 310,651
Salary-related payment percentage applicable to sick leave used	NN (from F1 above)	12.65%
Salary-related payments	OO (MM x NN)	\$ 39,297
<b>Total liability for estimated sick leave to be used</b>	<b>PP (MM + OO)</b>	<b>\$ 349,948</b>
<b>Total compensated absences liability related to sick leave at FYE</b>	<b>QQ (DD + PP)</b>	<b>\$ 440,673</b>

# Days Used Approach

Develop	Calculate	Estimate
Develop historical rates using the current employee sample	Calculate average years of service at termination to determine the cash settlement rate	Estimate compensated absences based on the sample and extrapolate to all employees

# Days Used Approach

## Historical days of leave used and pay rates

### Calculate:

- The average days used as sick time for a sample of active employees.

- The % of average days used to days awarded.

- The average hourly rate for sample of active employees.

SAMPLE active employees	A	B	C	D	E	F (Sum A thru E)	G (F/5 years)	Annual salary	Calculated average hourly rate
	Sick days used as time off					Total days used	Average annual use (days)		
	20X1	20X2	20X3	20X4	20X5				
Active employee 1	10	4	5	3	3	25	5.00	\$ 58,000	\$ 27.88
Active employee 2	4	8	4	4	4	24	4.80	62,000	29.81
Active employee 3	2	5	2	3	2	14	2.80	120,000	57.69
Active employee 4	8	9	7	7	8	39	7.80	90,000	43.27
Active employee 5	6	12	8	9	7	42	8.40	100,000	48.08
Active employee 6	4	4	3	4	3	18	3.60	62,000	29.81
Active employee 7	7	2	3	3	2	17	3.40	70,000	33.65
Active employee 8	8	2	5	4	10	29	5.80	44,000	21.15
Active employee 9	6	4	4	4	2	20	4.00	88,000	42.31
Active employee 10	4	5	4	6	4	23	4.60	83,000	39.90
Average							5.02	Average hourly rate	\$ 37.36
Sick days awarded each year							12.00		
Average days used (12 days awarded per year)							41.83%	H	

# Days Used Approach

## Salary-related payments

The measurement of a compensated absence liability for leave should include an amount for salary-related payments.

In this example, for sick leave that is used as time off, the government would need to make Social Security and Medicare payments as well as the employer contribution to the defined contribution pension plan, totaling 12.65 percent. The same holds true for any other salary-related payments that are material. Also in this example, since the government does not contribute to the defined contribution pension plan for sick leave settled in cash, only 7.65 percent of the cash payment is added as a salary-related payment.

Calculate the salary-related payments applicable to sick leave used as time off and sick leave settled in cash.

	For leave that is used as time off	For leave that is settled in cash
Social Security (6.2%)	6.20%	6.20%
Medicare (1.45%)	1.45%	1.45%
457b DC plan (5%)	5.00%	0.00%
<b>Total % of salary related payments</b>	<b>12.65% F1</b>	<b>7.65% F2</b>

# Days Used Approach

## Average employee years of service upon termination (cash settlement rate)

Governments, like the one in this example, may have caps on the amount of sick time that will be settled in cash at termination, and cash settlement may only be payable to employees who meet the required number of years of service. Like in estimating an OPEB liability where governments analyze how many employees participate in the benefit program, governments should analyze if all current employees will be eligible for a cash settlement and if employees have accumulated time in excess of the policy's cap in estimating the amount more likely than not to be settled in cash.

Governments will need to estimate the proportion of the total days accumulated that is more likely than not to be settled in cash upon termination based on those policies and historical information available.

Identify the days settled in cash for a sample of former employees and identify the days accumulated as of the date of termination for those former employees.

Calculate the percentage of days settled in cash to days accumulated.

	Years of service	Eligible for cash settlement (>= XX years)	Sick days settled as cash at termination	Accumulated (unused) sick days as of date of termination
Enter number of years for eligibility =>		10		
Former employee #1	32	YES	150	168
Former employee #2	6	NO	-	58
Former employee #3	23	YES	100	100
Former employee #4	20	YES	150	179
Former employee #5	18	YES	85	85
Totals	99		485	590

% of days paid as cash settlement at termination to total days accumulated **82% K**

# Days Used Approach

## Aggregate Employee Group

### 1. Calculation related to sick leave to be used as time off

	Calculations	References	Explanations
Total sick leave accrued at FYE (days), for aggregate employee group	1,644	L	Total amount of unused sick days for all employees as of the reporting date.
Percentage use as leave	41.83%	M (H above)	The average proportion of sick days used is applied to the total of
More likely than not sick leave to be used (days)	688	N (L x M)	accumulated unused sick days to calculate the estimated number of sick
Sick leave for use (hours)	5,504	O (N x 8 hours)	days that are more likely than not to be used as time off, 688 days or 5,504
Average hourly rate at FYE	\$ 37.36	P (I above)	
Liability for sick leave for use as time off	\$ 205,629	Q (O x P)	Applying the average hourly rate calculated above, the value of the sick leave to be used as time off, before salary-related payments, is \$205,629
Salary-related liability related to sick leave for use as time off	\$ 26,012	R (Q x J1)	For sick leave that is used as time off, the government would need to make Social Security, Medicare payments as well as the employer contribution to the defined contribution pension plan, totaling 12.65%.
Total liability for sick leave to be used as time off	\$ 231,641	S (Q+R)	After adding the value of salary-related payments, \$26,012 (\$205,629 x 12.65%), the total liability for sick time more likely than not to be used as time off is \$231,641.

# Days Used Approach

## 2. Calculation of sick leave to be settled in cash

Maximum - sick leave to be settled in cash (days)	956	<b>T (L - N)</b>	The aggregate employee group (the current active employees) accumulated 1,644 sick days as of the reporting date, of which 688 days were estimated to be used as sick time, leaving 956 days for a potential cash settlement.
More likely than not - sick leave to be settled in cash (days)	784	<b>U (T x K)</b>	Applying the cash settlement rate to the estimated number of unused days, yields the number of days more likely than not to be settled in cash. In this example, the government has estimated that 784 days (6,272 hours) are more likely than not to be settled in cash.
Sick leave to be settled in cash (hours)	6,272	<b>V (U x 8 hours)</b>	
Sick leave to be settled in cash (\$)	\$ 234,322	<b>W (V x P)</b>	The 6,272 hours multiplied by the average hourly rate of \$37.36 results in an estimated payout of \$234,322
Cap on cash settlement? If none, enter 100%	30.00%	<b>X</b>	The government will only pay 30 percent due to the cap included in the policy, \$70,297
Sick leave to be settled in cash, after cap	\$ 70,297	<b>Y (W x X)</b>	
Salary-related liability related to sick settled in cash	\$ 5,378	<b>Z (Y x J2)</b>	The government does not contribute to the defined contribution pension plan for sick leave settled in cash, only 7.65 percent of the capped amount, \$5,378, is added to the liability as salary-related payments.
Total liability for sick leave to be settled in cash	\$ 75,675	<b>AA</b>	The government's total estimated liability for sick leave to be settled in cash is \$75,675.
<b>Total liability for compensated absences - sick leave</b>	<b>\$ 307,316</b>	<b>BB (S + AA)</b>	



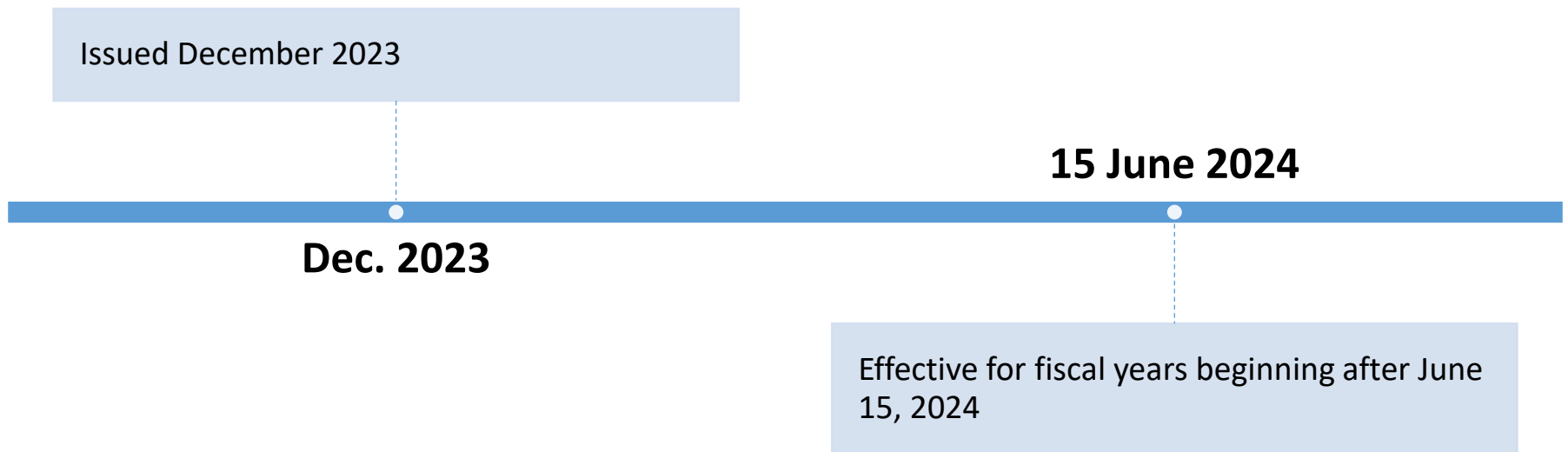
# Implementation Challenges

- Reviewing relevant policies
- Estimate of trends and patterns of use
- Retain considerations and assumptions used in calculations (including trend analysis)
- Ensure policies address treatment of compensated absences if not already included
- Applicable under GASB 100 change in accounting principle.



# **GASB 102, Certain Risk Disclosures**

# GASB 102, Certain Risk Disclosures



# Overview of GASB 102



Defines Specific Risk to be Disclosed (Concentration and Constraint risk)



Clarifies disclosure requirements



Ensure consistency on presentation in the Notes to Financial Statements

# Disclosure Requirements

## Disclosure required when all three are present

- A concentration or constraint is known to the government
- The government is vulnerable to the risk of a substantial impact because of that concentration or constraint.
- Events associated with the concentration or constraint either have occurred or are more likely than not to begin occurring within 12 months of the financial statements being issued.

# Disclosure Requirements

## What is included in the Disclosure

- Description of the concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

## Examples

### **Tourism-Based Revenues**

(e.g., sales tax, resort/hotel occupancy tax)

- Revenues from hotel occupancy taxes may significantly decline due to events like hurricanes impacting local tourism.
- Theme parks: Major sources of sales and hotel tax revenue, often the area's largest employer — disruptions can have wide financial effects.

### **Dependence on a Single Employer or Industry**

- Power plant closures or operational changes
- Manufacturing plant shutdowns or relocations
- Prison facility closures impacting local employment and revenue

# Example

## Example Situation: Major Employer

An Air Force Base, situated in the County, accommodates over 2,000 military personnel and their families and 850 civilian workers. The Base significantly impacts the County's revenues, contributing 15 percent of revenues. These contributions include payments in lieu of taxes provided by the Base to the County, as well as sales and property taxes generated by military and civilian personnel, and surrounding businesses.

The decision was made by Congress to close the base, which will be initiated within two years and fully close within six years.



# Example

## **Note X: Concentration of Employer**

An Air Force Base, is a major employer in County, employs nearly 2,000 military personnel and 850 civilians. The tax revenues received by the County, directly or indirectly linked to the Base's operations, account for 15 percent of the County's resources for the year ended June 30, 2025. On November 15, 2025, the U.S. Congress directed the U.S. Department of Defense to close the Base within two years (by November 15, 2027) and to complete all closure actions within six years (by November 15, 2031). The County Commissioners have approved various economic incentives to encourage redevelopment of the property associated with the Air Force Base.

# Example

## Example Situation: Concentration of Financial Resources

The City's airport generates significant revenues from services such as landing fees and terminal rentals paid by airlines. These revenues constitute the primary income stream for the airport fund and serve as the sole source of repayment for bonds used to finance airport improvements.

The airport's largest customer contributes 30 percent of the airport fund's revenue. During the fiscal year, the customer informed the City that, due to declining demand, it will terminate its lease and discontinue services at the City's airport next year.

# Example

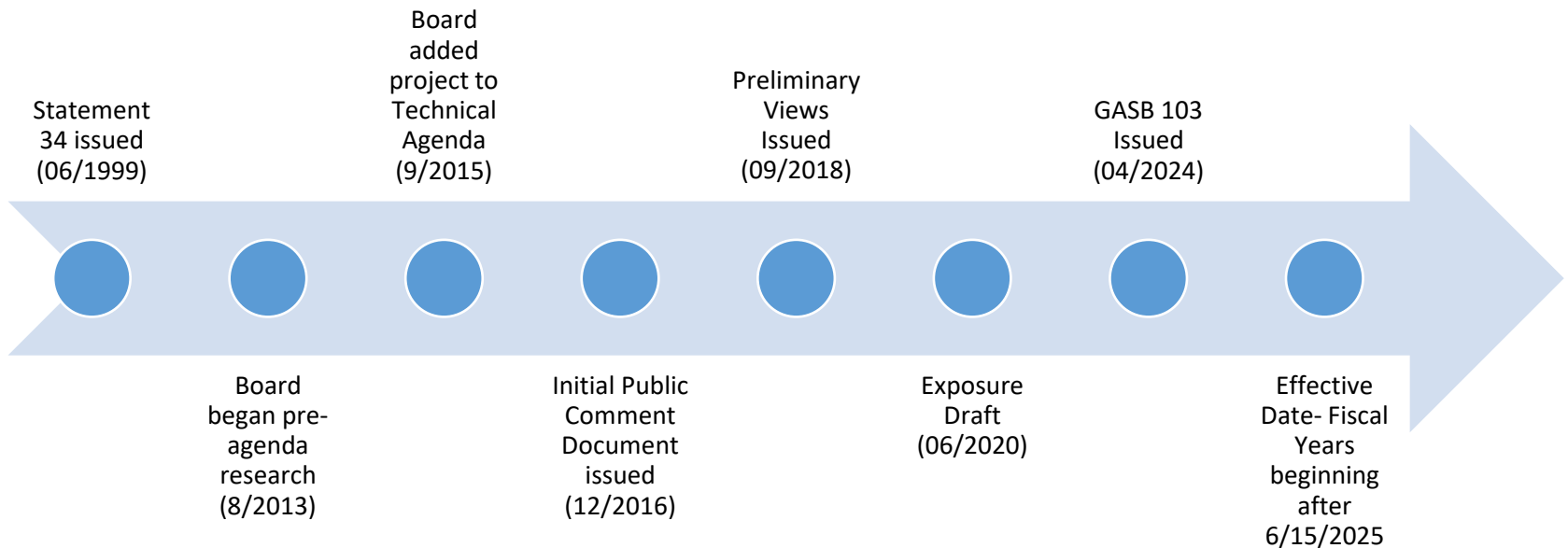
## Note X: Concentration of Financial Resource Provider

The Airport Fund manages the City's airport operations and reports \$10 million of revenue bonds outstanding as of June 30, 2025. The bond indentures specify that revenue generated by airport operations serves as the sole repayment source for the bonds. 30 percent of the Airport Fund's revenues are linked to a single airline customer, which has informed the City of its intention to terminate its lease and discontinue service to the City's airport by December 31, 2025. A loss of revenue from this airline could have adverse effects on the Airport Fund.



# **GASB 103 – The Financial Reporting Model**

# Timeline of GASB 103



# Financial Reporting Model

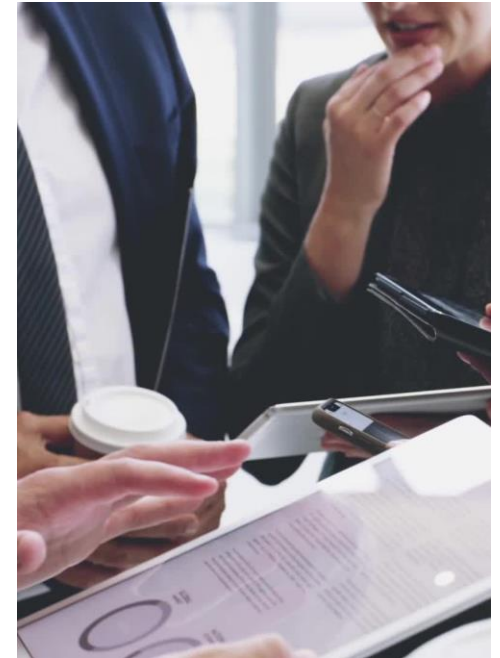
- Effective for fiscal years beginning after 6/15/25 — e.g., FYE 6/30/26, 9/30/26
- No changes to governmental fund accounting or reporting
- Clarifies and updates MD&A requirements
- Revises presentation of proprietary fund financial statements
- Moves budgetary comparison schedules from basic financials to RSI
- Modifies presentation of unusual and infrequent items
- Updates presentation requirements for major component units
- Includes 37 pages of illustrative examples

# Financial Reporting Model

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## MD&A

- Broad users as discussed in Concepts Statement 1
- Year-to-year changes need to focus on the reason for the change
- Avoid unnecessary duplication



# Financial Reporting Model

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## MD&A

Must contain 5 sections:

- Overview of the Financial Statements
- Financial Summary
- Detailed Analyses (still must include major funds)
- Significant Capital Asset and Long-Term Debt Activity
- Currently Known Facts, Decisions, or Conditions



# Financial Reporting Model

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## MD&A

Currently known conditions that are expected to have a significant effect on financial position or results of operations may include:

- Trends in economic data – population growth, customer base, unemployment rates
- Details of subsequent year's budget
  - Changes in rate and bases
  - Changes in planned spending
  - Expected changes in fund balance
- Information related to actions taken by the government related to postemployment benefit plans, capital improvement plans, and long-term debt

# FROM GASB 103 SAMPLE MD&A

## ***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.

# Budgetary Analysis in MD&A



GASB 34 required significant budget variances to be discussed in the MD&A



GASB 103 clarifies that budgetary comparisons are *not* part of the basic financial statements



Variance discussion is moved from MD&A to accompany RSI



Variance explanations are now required as *notes to RSI*

# Proprietary Funds

## Operating vs. Nonoperating Items

**Operating Revenues/Expenses:** All except those defined as nonoperating

**Nonoperating Revenues/Expenses include:**

- Subsidies received and provided (all transfers)
- Financing-related revenues and expenses
- Capital asset/inventory disposals
- Investment income and expenses
- Contributions to term/permanent endowments

**Subsidies:**

- Can directly or indirectly impact user fees
- Classified as **noncapital** unless restricted to capital use

New **subtotal** required:

- Operating income (loss) and noncapital subsidies

	Enterprise Funds				Internal Service Funds
	Public Utility	Transit Authority	Golf Courses	Total	
<b>OPERATING REVENUES</b>					
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
<b>OPERATING EXPENSES</b>					
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)
<b>NONCAPITAL SUBSIDIES</b>					
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)
<b>OTHER NONOPERATING REVENUES (EXPENSES)</b>					
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

# Budgetary Comparison

Must be presented as RSI

The budgetary schedules in RSI will include variances between the original and final budget amounts AND final budget and actual amounts.

Budgetary analysis of significant variances will be included in the notes to the RSI.

## Budgetary Comparison

Budgetary comparison schedules should be presented as RSI for the general fund and each major special revenue fund that has a legally adopted annual budget. Separate columns for the variances between (a) original and final budget amounts and (b) final budget amounts and actual results are required to be presented. An explanation of significant variations between original and final budget amounts and final budget amounts and actual results also is required to be presented in notes to RSI.

Required Supplementary Information  
Sample City  
Budgetary Comparison Schedule  
General Fund  
for the Year Ended June 30, 20X5  
(amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget— over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget— over (under) Actual Amounts
	Original	Final			
<b>BUDGETARY REVENUES</b>					
Taxes	\$ 157,715	\$ 157,715	\$ -	\$ 161,885	\$ 4,170
Payments in lieu of taxes	16,218	15,853	(365)	15,737	(116)
Intergovernmental	1,560	2,002	442	1,597	(405)
Charges for services	13,299	13,299	-	13,905	606
Licenses, permits, and fees	2,712	3,220	508	3,532	312
Fines and forfeitures	8,262	8,262	-	7,853	(409)
Investment earnings	5,100	5,100	-	6,792	1,692
Miscellaneous	3,313	3,313	-	2,075	(1,238)
Total budgetary revenues	208,179	208,764	585	213,376	4,612
<b>BUDGETARY EXPENDITURES</b>					
Current:					
General government	29,786	29,138	(648)	29,097	(41)
Public safety	132,479	129,953	(2,526)	129,770	(183)
Public works	3,297	3,263	(34)	1,882	(1,381)
Culture and recreation	22,086	22,075	(11)	21,354	(721)
Social and economic development	12,095	12,038	(57)	11,614	(424)
Debt Service:					
Principal	1,275	1,275	-	1,262	(13)
Interest and other charges	41	41	-	54	13
Capital outlay	1,105	1,105	-	1,103	(2)
Total budgetary expenditures	202,164	198,888	(3,276)	196,136	(2,752)
Budgetary excess of revenues over expenditures	6,015	9,876	3,861	17,240	7,364
<b>BUDGETARY OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	-	-	-	275	275
Transfers in	2,630	2,630	-	2,630	-
Transfers out	(1,871)	(2,713)	(842)	(662)	2,051
Total budgetary other financing sources (uses)	759	(83)	(842)	2,243	2,326
<b>UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE</b>					
Grant revenues	-	2,500	2,500	2,500	-
Cleanup	-	(10,000)	(10,000)	(10,000)	-
Total	-	(7,500)	(7,500)	(7,500)	-
Net change in fund balances	6,774	2,293	(4,481)	11,983	9,690
Budgetary fund balance—beginning of period	55,009	55,009	-	55,009	-
Budgetary fund balance—end of period	\$ 61,783	\$ 57,302	\$ (4,481)	66,992	\$ 9,690



**Required Supplementary Information**  
**Sample City**  
**Budgetary Comparison Schedule**  
**Public Safety and Transportation Special Revenue Fund**  
**for the Year Ended June 30, 20X5**  
*(amounts expressed in thousands)*

	<b>Budgeted Amounts</b>		<b>Variance with Original Budget— over (under) Final Budget</b>	<b>Actual Amounts Budgetary (and GAAP) Basis</b>	<b>Variance with Final Budget— over (under) Actual Amounts</b>
	<b>Original</b>	<b>Final</b>			
<b>BUDGETARY REVENUES</b>					
Taxes	\$ 49,825	\$ 49,825	\$ -	\$ 51,442	\$ 1,617
Intergovernmental	29,750	29,750	-	30,337	587
Charges for services	6,720	6,720	-	6,848	128
Investment earnings	1,900	1,900	-	2,295	395
Total budgetary revenues	88,195	88,195	-	90,922	2,727
<b>BUDGETARY EXPENDITURES</b>					
Current:					
General government	13,665	15,305	1,640	15,083	(222)
Public safety	58,000	58,250	250	58,452	202
Public works	16,265	16,945	680	16,934	(11)
Total budgetary expenditures	87,930	90,500	2,570	90,469	(31)
Net change in fund balances	265	(2,305)	2,570	453	2,758
Budgetary fund balance—beginning of period	4,024	4,024	-	4,024	-
Budgetary fund balance—end of period	\$ 4,289	\$ 1,719	\$ 2,570	4,477	\$ 2,758

**Required Supplementary Information**  
**Note to Budgetary Comparison Schedules**  
*(amounts expressed in thousands)*

**Note A—Actual Budget Results**

	<u>General Fund over (under)</u>	<u>Public Safety and Transportation Fund over (under)</u>
<b>BUDGETARY REVENUES</b>		
Differences—final budget to actual:		
The City experienced an increase in revenue for taxes from budgeted amounts primarily due to the opening of the new shopping center 3 months earlier than expected.	\$ 4,170	\$ 1,617
Actual amounts of interest revenue exceeded budgeted amounts as the City saw higher interest rates than expected.	1,692	395
<b>BUDGETARY EXPENDITURES</b>		
Differences—original budget to final budget:		
The original budget was amended for public safety as the new police station #453 was completed 7 months behind schedule. The original budget included salaries and benefits for new officers and administrative staff, in addition to noncapital building expenditures. Station #453 will be opening in the next fiscal year, and these expenditures have been included in the next year's budget.	\$ (2,526)	\$ -
<b>UNUSUAL OR INFREQUENT ITEM</b>		
Differences—original budget to final budget:		
The City experienced flood damage during the current fiscal year. During the year, the City increased the original budget to account for the State grants received to address the flood damage.	\$ 2,500	\$ -
During the year, the City increased the original budget to account for the spending required to address the flood damage.	(10,000)	-

# Financial Reporting Model

## Unusual or Infrequent Items

- New term: “Unusual or Infrequent Items” replaces Special/Extraordinary Items
- Must be either unusual in nature or infrequent in occurrence
- Present separately as final resource flows before net change in resources
- Applies to government-wide, governmental fund, and proprietary fund statements
- Do not net unusual/infrequent items on a single line
- Note disclosures:
  - Related program/function/activity (if applicable)
  - Whether within management’s control

**Sample City**  
**Statement of Activities**  
**for the Year Ended June 30, 20X5**  
*(amounts expressed in thousands)*

This is an alternative presentation using a combining statement (Exhibit 13) in order not to reduce the readability of this statement.

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 46,059	\$ 22,500	\$ -	\$ -	\$ (23,559)		\$ (23,559)	
Public safety	205,416	8,688	31,395	-	(165,333)		(165,333)	
Public works	71,308	2,948	-	8,564	(59,796)		(59,796)	
Culture and recreation	25,631	2,868	-	-	(22,763)		(22,763)	
Social and economic development	79,701	8,297	6,768	22,321	(42,315)		(42,315)	
Interest on long-term debt	25,566	-	-	-	(25,566)		(25,566)	
Total governmental activities	453,681	45,301	38,163	30,885	(339,332)		(339,332)	
Business-type activities:								
Public utility	42,687	41,003	-	2,938		\$ 1,254	1,254	
Transit authority	25,826	18,636	-	-		(7,190)	(7,190)	
Golf courses	8,396	2,561	-	-		(5,835)	(5,835)	
Total business-type activities	76,909	62,200	-	2,938		(11,771)	(11,771)	
<b>Total primary government</b>	<b>\$ 530,590</b>	<b>\$ 107,501</b>	<b>\$ 38,163</b>	<b>\$ 33,823</b>	<b>(339,332)</b>	<b>(11,771)</b>	<b>(351,103)</b>	
<b>Total component units</b>	<b>\$ 111,018</b>	<b>\$ 72,991</b>	<b>\$ 16,503</b>	<b>\$ 12,902</b>				<b>\$ (8,622)</b>
General revenues:								
Taxes:								
Sales taxes					279,567	-	279,567	
Property taxes					78,930	-	78,930	6,340
Franchise taxes					23,122	-	23,122	3,153
Use taxes					41,068	-	41,068	-
Hotel/motel taxes					7,870	-	7,870	-
Special assessment tax					2,880	-	2,880	-
Payments in lieu of taxes					16,869	-	16,869	-
Intergovernmental revenue					9,324	-	9,324	-
Investment earnings					20,667	1,674	22,341	3,034
Miscellaneous					3,195	420	3,615	-
Transfers					(18,996)	18,996	-	-
Unusual or infrequent item—flood damage:								
Grant revenues					2,500	-	2,500	-
Cleanup					(10,000)	-	(10,000)	-
Total general revenues, transfers, and unusual or infrequent item					456,996	21,090	478,086	12,527
Change in net position					117,664	9,319	126,983	3,905
Net position—beginning of period					1,616,147	539,077	2,155,224	395,568
Net position—end of period					\$ 1,733,811	\$ 548,396	\$ 2,282,207	\$ 399,473

	General Fund	Transportation Special Revenue Fund	Debt Service Fund	Infrastructure Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Sales tax	\$ 104,142	\$ 51,442	\$ -	\$ 123,983	\$ -	\$ 279,567
Property tax	-	-	78,930	-	-	78,930
Franchise tax	22,706	-	-	-	416	23,122
Use tax	34,880	-	-	6,188	-	41,068
Hotel/motel tax	157	-	-	-	7,713	7,870
Special assessment tax	-	-	-	-	2,739	2,739
Payments in lieu of taxes	15,737	-	-	-	-	15,737
Intergovernmental	1,597	30,337	-	-	18,654	50,588
Charges for services	13,905	6,848	-	-	13,042	33,795
Licenses, permits, and fees	3,532	-	-	-	-	3,532
Fines and forfeitures	7,853	-	-	-	121	7,974
Investment earnings	6,792	2,295	-	11,028	325	20,440
Miscellaneous	2,075	-	46	128	273	2,522
Total revenues	<u>213,376</u>	<u>90,922</u>	<u>78,976</u>	<u>141,327</u>	<u>43,283</u>	<u>567,884</u>
<b>EXPENDITURES</b>						
Current:						
General government	29,097	15,083	-	2,168	66	46,414
Public safety	129,770	58,452	-	6,067	15,652	209,941
Public works	1,882	16,934	-	2,446	173	21,435
Culture and recreation	21,354	-	-	36	740	22,130
Social and economic development	11,614	-	-	-	13,787	25,401
Debt service:						
Principal	1,262	-	54,214	8,742	-	64,218
Interest and other charges	54	-	22,221	6,029	-	28,304
Capital outlay	1,103	-	-	151,907	5,034	158,044
Total expenditures	<u>196,136</u>	<u>90,469</u>	<u>76,435</u>	<u>177,395</u>	<u>35,452</u>	<u>575,887</u>
Excess (deficiency) of revenues over expenditures	<u>17,240</u>	<u>453</u>	<u>2,541</u>	<u>(36,068)</u>	<u>7,831</u>	<u>(8,003)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	-	-	30,649	119,681	-	150,330
Premium on debt issued	-	-	1,600	6,249	-	7,849
Payment to bond refunding escrow agent	-	-	(32,230)	-	-	(32,230)
Proceeds from the sale of capital assets	275	-	-	-	-	275
Transfers in	2,630	-	-	192	1,303	4,125
Transfers out	(662)	-	-	(18,294)	(5,680)	(24,636)
Total other financing sources (uses)	<u>2,243</u>	<u>-</u>	<u>19</u>	<u>107,828</u>	<u>(4,377)</u>	<u>105,713</u>
<b>UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE</b>						
Grant revenues	2,500	-	-	-	-	2,500
Cleanup	(10,000)	-	-	-	-	(10,000)
Total unusual or infrequent item	<u>(7,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,500)</u>
Net change in fund balances	11,983	453	2,560	71,760	3,454	90,210
Fund balances—beginning of period	55,009	4,024	65,729	548,550	14,879	688,191
Fund balances—end of period	<u>\$ 66,992</u>	<u>\$ 4,477</u>	<u>\$ 68,289</u>	<u>\$ 620,310</u>	<u>\$ 18,333</u>	<u>\$ 778,401</u>





## Illustrative Disclosure of Information about Unusual or Infrequent Item

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In March 20X5, Sample City experienced a catastrophic flood event that was beyond management's control. As a result, the City incurred \$10 million in expenses related to flood damage cleanup, with \$8.35 million attributable to public works and \$1.65 million to public safety functions. To assist with the cleanup effort, Sample City received \$2.5 million in grant funding from the State.

# Major Component Units

Should present each major component unit separately in the reporting entity's statements of net position and activities if it does not reduce the readability of the statements. Previously, this was allowed to be reported in the notes.

If not readable, combining statements of major component units should be included in the reporting entity's basic financial statements after the fund financial statements

Sample City  
Combining Statement of Net Position  
Discretely Presented Component Units  
June 30, 20X5  
(amounts expressed in thousands)

This is an alternative presentation using a combining statement in order not to reduce the readability of Exhibit 2.

	Energy Authority	Airport	Nonmajor Component Units	Total (See Exhibit 2)
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,928	\$ 31,958	\$ 17,247	\$ 60,133
Investments	9,487	27,744	14,972	52,203
Receivables, net	2,946	6,486	24,827	34,259
Inventories	-	1,517	765	2,282
Other assets	-	407	992	1,399
Capital assets:				
Nondepreciable capital assets	171	147,234	14,985	162,390
Depreciable capital assets, net	7,857	252,813	45,262	305,932
Total assets	<u>31,389</u>	<u>468,159</u>	<u>119,050</u>	<u>618,598</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related items	814	2,404	1,397	4,615
OPEB-related items	42	-	36	78
Debt refundings	-	9,185	267	9,452
Total deferred outflows of resources	<u>856</u>	<u>11,589</u>	<u>1,700</u>	<u>14,145</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,963	6,299	3,463	11,725
Advances	-	529	93	622
Long-term liabilities:				
Short-term portion				
Bonds payable	-	8,441	970	9,411
Other	255	276	114	645
Long-term portion				
Bonds payable	-	162,164	6,195	168,359
Net pension liability	5,656	19,308	12,317	37,281
Net OPEB liability	57	1,837	187	2,081
Other	11	367	37	415
Total liabilities	<u>7,942</u>	<u>199,221</u>	<u>23,376</u>	<u>230,539</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related items	246	670	1,780	2,696
OPEB-related items	18	-	17	35
Total deferred inflows of resources	<u>264</u>	<u>670</u>	<u>1,797</u>	<u>2,731</u>
<b>NET POSITION</b>				
Net investment in capital assets	8,016	260,554	54,412	322,982
Restricted for:				
Debt service	-	9,733	3,244	12,977
Capital projects	-	1,812	8,032	9,844
Other purposes	-	-	21,927	21,927
Unrestricted	<u>16,023</u>	<u>7,758</u>	<u>7,962</u>	<u>31,743</u>
Total net position	<u>\$ 24,039</u>	<u>\$ 279,857</u>	<u>\$ 95,577</u>	<u>\$ 399,473</u>



Sample City  
Combining Statement of Activities  
Discretely Presented Component Units  
for the Year Ended June 30, 20X5  
(amounts expressed in thousands)


This is an alternative presentation using a combining statement in order not to reduce the readability of Exhibit 3.

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Energy Authority	Airport	Nonmajor Component Units	Total
<b>Component units:</b>								
Energy authority	\$ 26,925	\$ 26,723	\$ -	\$ -	\$ (202)			\$ (202)
Airport	51,306	34,520	9,237	10,168		\$ 2,619		2,619
Nonmajor component units	32,787	11,748	7,266	2,734			\$ (11,039)	(11,039)
<b>Total component units</b>	<b>\$ 111,018</b>	<b>\$ 72,991</b>	<b>\$ 16,503</b>	<b>\$ 12,902</b>	<b>(202)</b>	<b>2,619</b>	<b>(11,039)</b>	<b>(8,622)</b>
General revenues:								
Taxes:								
Sales taxes					-	-	6,340	6,340
Property taxes					-	-	3,153	3,153
Investment earnings					554	1,523	957	3,034
Total general revenues					554	1,523	10,450	12,527
Change in net position					352	4,142	(589)	3,905
Net position—beginning of period					23,687	275,715	96,166	395,568
Net position—end of period					<u>\$ 24,039</u>	<u>\$ 279,857</u>	<u>\$ 95,577</u>	<u>\$ 399,473</u>

# Statistical Section

Governments engaged only in business-type activities or only in business-type activities should present revenues by major source for their business-type activities, distinguishing between operating, noncapital subsidy, and other nonoperating revenues and expenses.

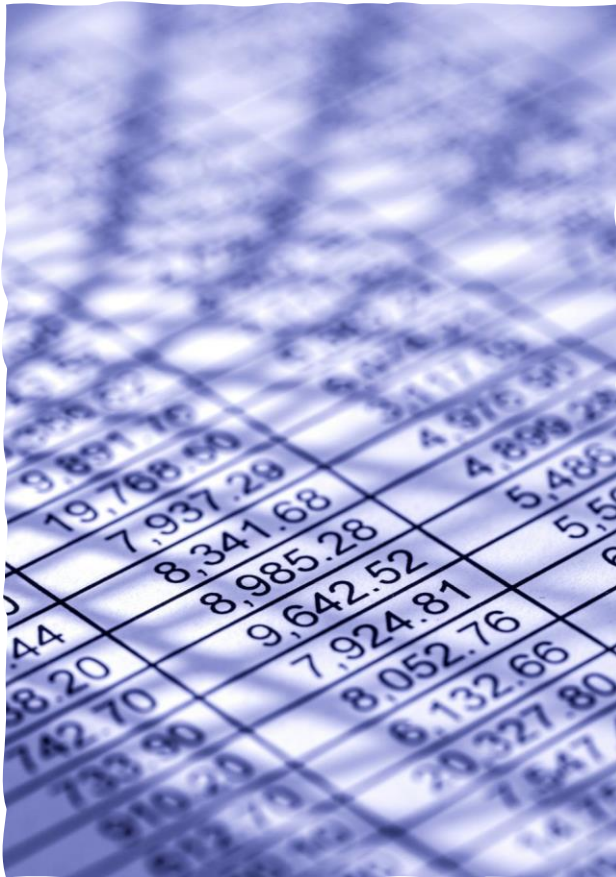




## GASB 104, Disclosure of Certain Capital Assets

# Historical Context and Research

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## **GASB Statement No. 34**

GASB Statement No. 34 has been a key guidance for government financial statements regarding capital assets for 25 years.

## **Intangible Right-to-Use Assets**

Subsequent GASB statements address intangible right-to-use assets, enhancing the definition of capital assets.

## **GASB 104 Release**

The GASB issued GASB 104 focusing on the disclosure of certain capital assets after community feedback.

# Main Components of GASB 104

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## **Disclosure of Capital Assets**

GASB 104 emphasizes the separate disclosure of certain capital assets to enhance transparency in financial reporting.

## **Assets Held for Sale**

The standard addresses capital assets that are held for sale, ensuring accurate reporting and classification in financial statements.



# Intangible Assets Disclosure Requirements

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## Separate Disclosure Requirement

Governments must disclose intangible assets separately within capital asset note disclosures for clarity and transparency.

## GASB Standards

Intangible assets linked to GASB standards (87, 94, 96) should be clearly indicated to ensure compliance.

## Organization by Major Class

Intangible assets should be organized by major class (e.g., buildings and equipment) for effective categorization.



# Illustrative Sample

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 29,484	\$ 2,020	\$ (4,358)	\$ 27,146
Construction in progress	2,915	13,220	(14,846)	1,289
Total capital assets not being depreciated	32,399	15,240	(19,204)	28,435
Capital assets being depreciated:				
Buildings and improvements	40,861	334	-	41,195
Equipment	32,110	1,544	(1,514)	32,140
Road network	72,885	10,219	-	83,104
Bridge network	18,775	4,627	-	23,402
Software	2,100	548	(650)	1,998
Lease assets:				
Buildings	25,821	209	-	26,030
Equipment	20,389	2,312	(2,456)	20,245
Subscription assets	5,490	687	(743)	5,434
Total capital assets being depreciated	218,431	20,480	(5,363)	233,548
Less accumulated depreciation for:				
Buildings and improvements	(10,358)	(691)	-	(11,049)
Equipment	(9,247)	(2,676)	1,040	(10,883)
Road network	(12,405)	(823)	-	(13,228)
Bridge network	(2,896)	(197)	-	(3,093)
Software	(543)	(110)	25	(628)
Lease assets:				
Buildings	(7,456)	(596)	-	(8,052)
Equipment	(5,864)	(1,782)	823	(6,823)
Subscription assets	(1,009)	(450)	209	(1,250)
Total accumulated depreciation	(49,778)	(7,325)	2,097	(55,006)
Governmental activities capital assets, net	\$ 201,052	\$ 28,395	\$ (22,470)	\$ 206,977



# Asset Held for Sale

## Identification of Assets

Under GASB 104, capital assets held for sale must be identified and disclosed in the financial statements.

## Conditions for Disclosure

Two key conditions determine if capital assets should be disclosed as held for sale:

- decision to sell **AND**
- probable sale within one year.

## Reporting and Depreciation

Assets held for sale continue to be reported under their major class and must be depreciated as applicable.

## Disclosure of Costs

Notes must include disclosures of historical cost and accumulated depreciation for each major class of asset held for sale.



## Sample Disclosure- Capital Asset Held for Sale

Included in capital assets are buildings that are capital assets held for sale. Those buildings are reported in governmental activities. They have a total **historical cost of \$8.0 million** and an **accumulated depreciation of \$5.0 million**, and they are pledged as collateral for debt with a balance of **\$1.5 million**.

## Application and Retroactive Implementation



### Effective Date

The requirements of the Statement are effective for fiscal years starting after June 15, 2025.

### Encouraged Early Application

Earlier application of the Statement is encouraged to enhance financial reporting practices.

### Retroactive Application

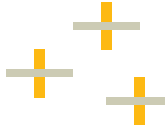
The Statement should be applied retroactively if practicable for all reporting periods presented.

### Disclosure of Reasons

If retroactive application is not practicable, reasons must be disclosed in financial statements.

# PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS



[purvisgray.com](http://purvisgray.com)

## Thank You!

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