



Government Accounting & Auditing

 **VIRTUAL** Conference

May 6



4 CPE CREDITS

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Unlock Your Potential: Strengthen Skills & Earn CPE!

**Employee
Benefit
Plan**
VIRTUAL
Conference
8 CPE CREDITS

May 20-21 (two half-days)

FEATURED SPEAKERS:



Randy Dummer
Henderson Hutcherson & McCullough, PLLC



Brandon Long
*Employee Benefits and Executive
Compensation Group, McAfee & Taft*

FEATURED SESSIONS: Managing Change in the ERISA
Audit Environment; SECURE Act Loose Ends, Trends
and Issues to Consider

MULTI-STATE
**Real
Estate**
VIRTUAL
CONFERENCE
8 CPE CREDITS

June 17

FEATURED SPEAKERS:



John Higgins, CPA, CITP
Higgins Advisory, LLC

Presented in partnership with



The Georgia Society
of CPAs

FEATURED SESSIONS: Economic Update; AI Revolution:
The Big Picture; 2025 Tax Policy and Strategy Update

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& Auditing**
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June 17-18 (two half-days)

FEATURED SPEAKERS:



Leah Donti
Advantage Montreal Seminars Inc.



Kenn Heaslip, MS, MBA, CPA, CGMA
Kenn Heaslip Seminars, LLC

FEATURED SESSIONS: Achieving Best-in-Class
Internal Controls; FASB Update; Deep Dive
into Quality Management



Scan the code to view details and register online or visit:
masscpas.org/conferences.

Government Accounting & Auditing VIRTUAL Conference



Agenda

TIME	SESSION	PRESENTER(S)
8:25– 8:30 a.m.	Welcome and Opening Remarks	
8:30– 9:20 a.m.	<u>Bureau of Accounts Update</u>	Deborah Wagner <i>Commonwealth of Massachusetts, Division of Local Services</i>
9:30– 10:30 a.m.	<u>Hot Topics at the Governmental Accounting Standards Board (GASB) – Part 1</u>	Lisa Parker, CPA, CGMA <i>Governmental Accounting Standards Board (GASB)</i>
10:40– 11:40 a.m.	<u>Hot Topics at the Governmental Accounting Standards Board (GASB) – Part 2</u>	Lisa Parker, CPA, CGMA <i>Governmental Accounting Standards Board (GASB)</i>
11:50 a.m.– 12:40 p.m.	<u>GASB Statement No. 101: Compensated Absences More Than Just a Sick Day</u>	Eric Berman, CPA, CGMA <i>Eide Bailly LLP</i>
12:40 p.m.	Closing Remarks	



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Questions during the conference? Contact the CPE team:



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Director of Learning
& Development
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Tyler Dion
Professional
Development
Specialist
617.303.2414
tdion@masscpas.org

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Technology Conferences

K2's Excel

 **VIRTUAL
Conference**

 **8 CPE CREDITS**

May 21

TOPICS:

- Excel Blocking and Tackling: Often Overlooked Tools
- Power Query and Other Data Manipulation Tools
- PivotTables: Excel's Best Feature is Now Better

Multi-State Technology VIRTUAL Conference

 **16 CPE CREDITS**

June 18-19

TOPICS:

- Top 10 Productivity Booster Apps in Microsoft 365
- After Quickbooks, What's Next?
- Taking Another Look at Power BI

K2's Accountant's Artificial Intelligence VIRTUAL Conference

 **8 CPE CREDITS**

June 30

TOPICS:

- AI Security and Privacy Issues and Concerns
- Analyzing Data with ChatGPT
- Copilot in Action

FEATURED K2 ENTERPRISES INSTRUCTORS:



Randy Johnston



Mac McClelland, MBA, JD



Tommy Stephens, Jr., CPA CITP, CGMA



Brian Tankersley, CPA CITP, CGMA



Steve Yoss, Jr., CPA, MS

**Visit our website for more details and to register:
masscpas.org/tech25.**

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MS Consultants provides a wide range of real estate tax services, including engineering-based cost segregation studies, 179D & 45L energy-efficient certifications and tangible property regulation analysis. We recently celebrated 27 years of service, trust and excellence and since 1996, the directors of MS Consultants have completed over 24,000 cost segregation studies and thousands of 179D & 45L certifications. Our clients range from locally owned businesses to internationally recognized companies and our nationally recognized experts in taxation,

engineering and construction bring an unmatched level of expertise to our clients. MS Consultants is at the forefront of current tax legislation, as well as its impact on business and real estate owners. We work with firms across New England helping them identify and implement tax strategies for their clients across the country. For more information, visit us at costsegs.com. For a free consultation on how our products and services can benefit you, please call Jeff Hiatt at 1-508-878-4846.



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Jeffrey D. Hiatt
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Year in Review



1,985
Participants



18
Companies



178 CPE
Credits
Issued



25
World Class
Instructors



**2-, 4-, 6-
and 8-hour
sessions**

In-person and virtual options, including:

- ◆ Standalone events
- ◆ Lunch and learns
- ◆ Firm-wide meetings
- ◆ Departmental trainings
- ◆ Year-long scheduled programs



**You choose
the topic,
we handle
the rest!**

Popular topics covered:

- ◆ Accounting & Auditing
- ◆ Client Advisory Services (CAS)
- ◆ Leadership
- ◆ Ethics
- ◆ Technology
- ◆ Professional Development
- ◆ Workplace Culture
- ◆ Tax
- ◆ And more!

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today!**



Contact Ali Dixon
Training Relationship Manager
adixon@masscpas.org

For more information, visit masscpas.org/ctt.

Learn  Connect  Prosper with  **MassCPAs**
Massachusetts Society of CPAs

8:30–9:20 a.m.

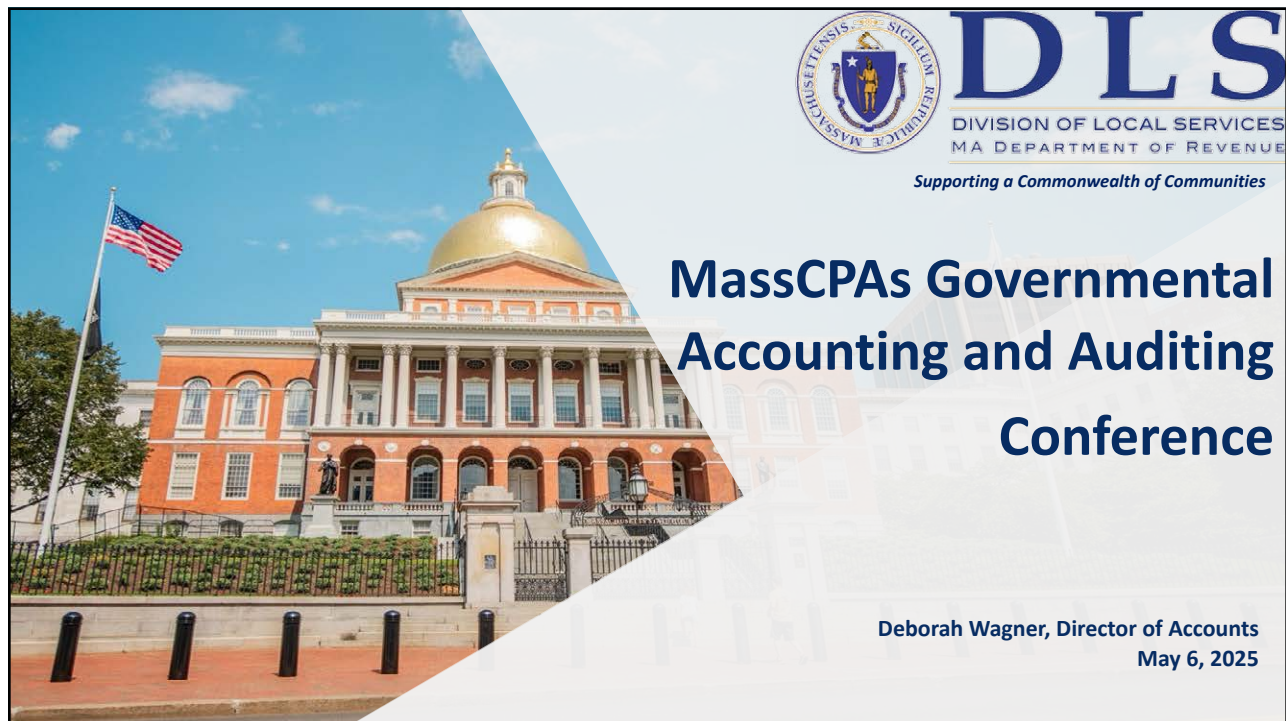
Bureau of Accounts Update

.....

Deborah Wagner

*Commonwealth of Massachusetts,
Division of Local Services*

[illegible]



1

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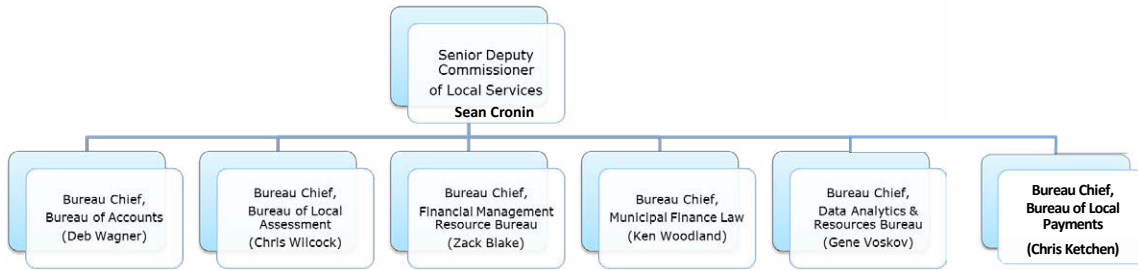
Agenda

<ul style="list-style-type: none"> <input type="checkbox"/> DLS Overview <input type="checkbox"/> DLS Alerts and You Tube <input type="checkbox"/> Schedule A Submissions <input type="checkbox"/> Tax Rate Season 2025 <input type="checkbox"/> Enterprise Fund Revenue Estimates <input type="checkbox"/> Overlay 	<ul style="list-style-type: none"> <input type="checkbox"/> Free Cash and Retained Earnings Votes <input type="checkbox"/> Budget Bulletin and Spring Resources <input type="checkbox"/> Close-out of Deficits to the General Fund <input type="checkbox"/> Community Preservation Act <input type="checkbox"/> CP-2 Submission <input type="checkbox"/> Free Cash Proof Report <input type="checkbox"/> Balance Sheet Submission – Treasurer’s Year End Cash and Statement of Indebtedness <input type="checkbox"/> Additional Resources <input type="checkbox"/> Questions?
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DLS Overview

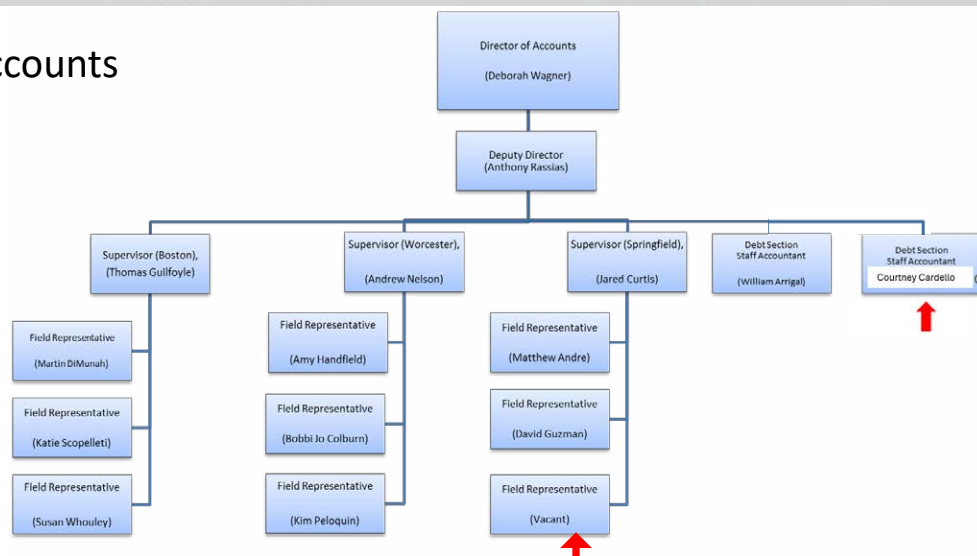


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DLS Overview

Bureau of Accounts



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DLS Overview

- Good balance between regulatory functions and technical assistance/guidance
- Ultimate goal is to assist municipalities with financial management

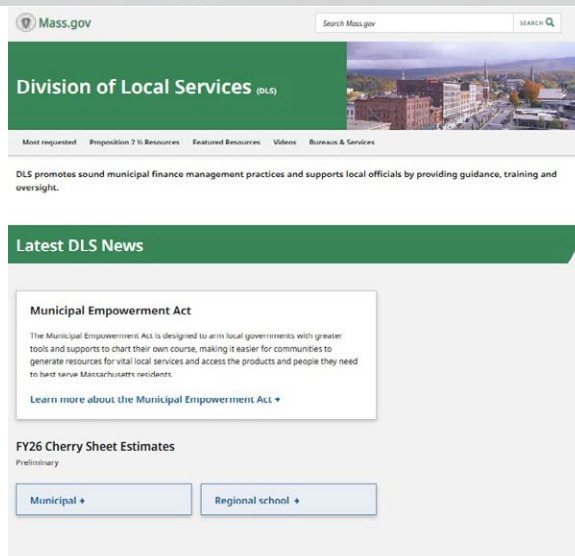


Supporting a Commonwealth of Communities

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DLS Overview



www.mass.gov/DLS

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DLS Overview

Mar
18

Ask DLS Law

10 a.m. - 11 p.m.
This "Ask DLS Law" service is a virtual, Zoom option for local officials to inquire about municipal finance law issues within the Division's jurisdiction.

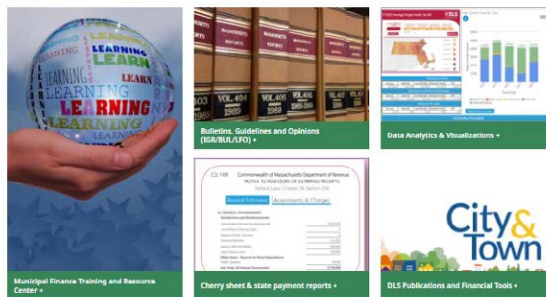
Mar
25

Meet DLS: Who we are and how we can help.

9 a.m. - 4 p.m.
Are you new to local government or know someone who recently entered public service in a city or town? The Division of Local Services invites you to join us March 25th at 9am for our latest webinar, "Meet DLS: Who we are and how we can help."

[See all events](#)

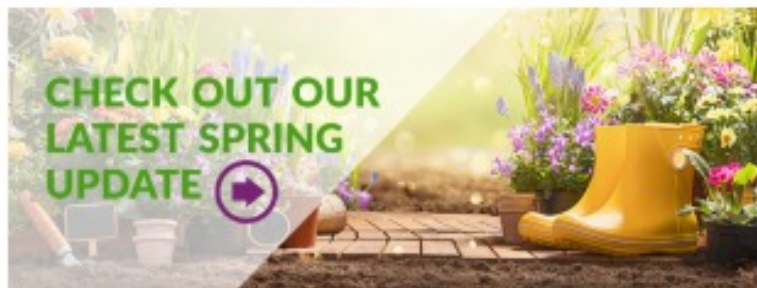
Most Requested



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DLS Overview



www.mass.gov/division-of-local-services-spring-update

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DLS Overview

Popular Resources

[View our video library +](#)[Publications +](#)[Tools and calculators +](#)[Expand all](#)

Resources by topic

[\(10\) +](#)

Resources by position

[\(5\) —](#)

- [Accountant/auditor +](#)
- [Assessor +](#)
- [Clerk +](#)
- [Collector +](#)
- [Treasurer +](#)

Resources by process

[\(12\) +](#)

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DLS Overview

The role of the accountant/auditor in municipal finance

Learn how the accountant/auditor contributes to the financial stability of Massachusetts communities.

The accountant or auditor is responsible for properly recording all municipal financial transactions in the community. This official prepares financial reports and ensures compliance with state and local reporting requirements. All bills for payment are approved by the accountant/auditor, who then monitors spending to assure that sufficient funds exist for purchases, and that goods have been received and services rendered before payment is made. Learn more about the role of the accountant/auditor by reviewing the resources below.

TABLE OF CONTENTS

- [Overview of responsibilities](#)
- [General accounting guidance \(include special funds, overlay\)](#)
- [Free cash certification](#)
- [Tax rate recap](#)
- [Schedule A](#)
- [Excess & deficiency certification](#)
- [Annual audits](#)
- [Tools and templates](#)
- [Debt](#)
- [Local options](#)



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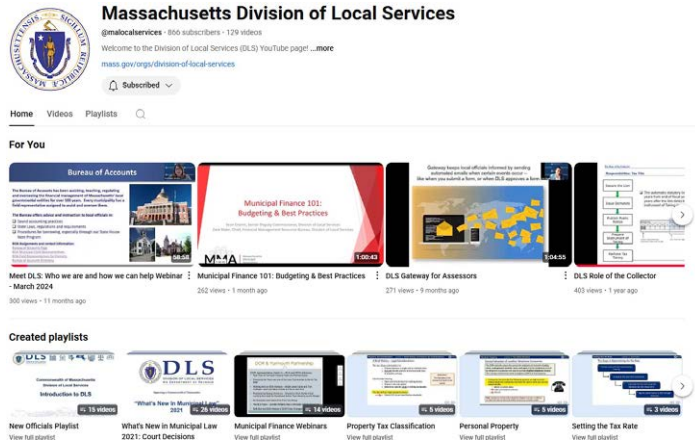
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DLS Alerts and You Tube Channel

Subscribe:

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[DLS YouTube Channel](#)



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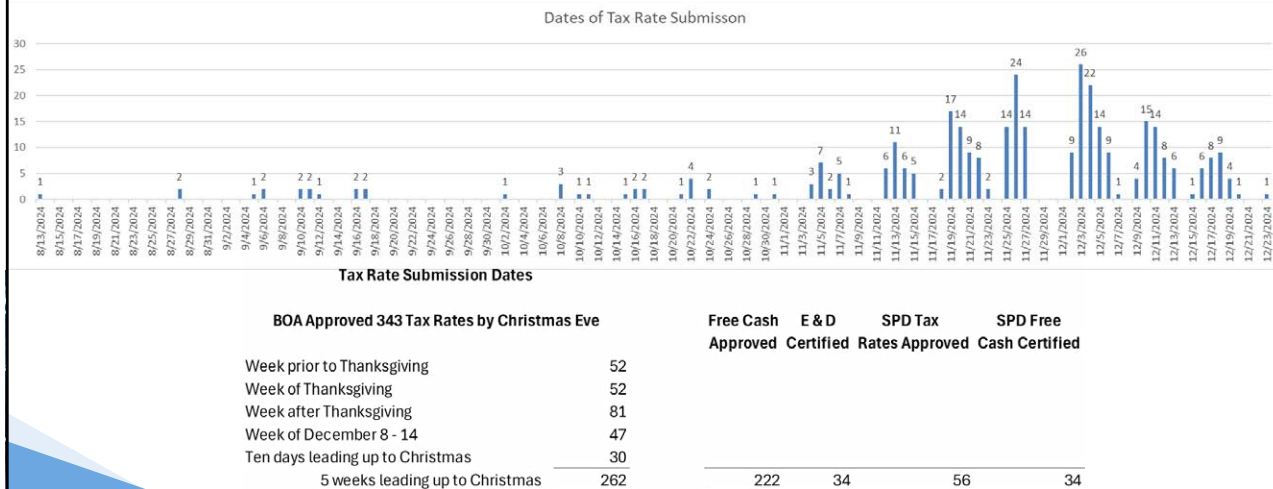
Schedule A Submissions

- Currently 12 outstanding as of 4/30/2025
- Holding local aid for 11
- Email sent to finance staff and CEO's 4/30/2025

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Tax Rate Season - 2025



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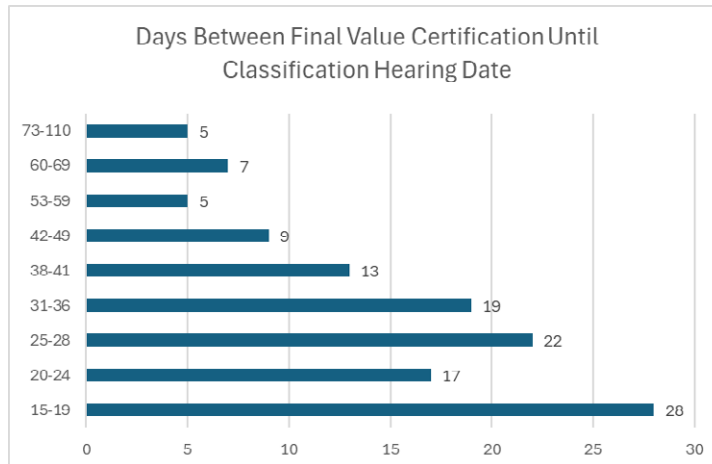
Tax Rate Season - 2025

- 125 communities waited more than 15 days between getting final value certification and holding the classification hearing, with an average of 33.2 days between the two dates.
- 71 municipalities waited more than 7 days after the classification hearing to submit their tax rate recap for approval, with 28 communities waiting between 20 and 58 days to submit the tax rate recap.

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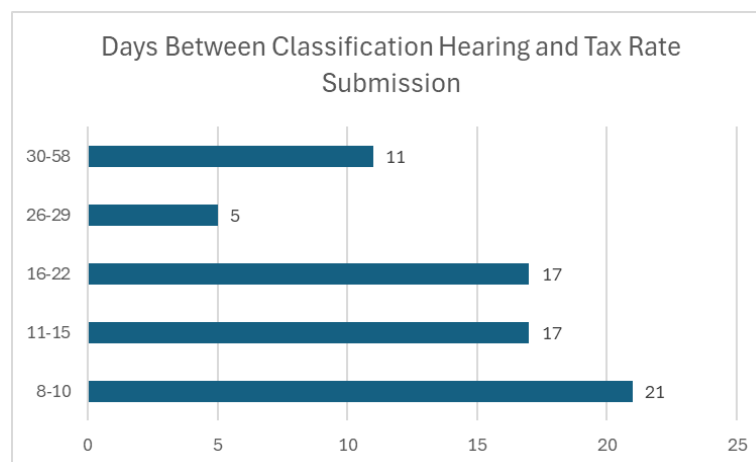
Tax Rate Season - 2025



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Tax Rate Season - 2025



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Tax Rate Season - 2025

Things we saw FY2025:

- Over the levy limit
- Tax rate submission with a posted meeting of the legislative body
- Incorrect signatures
- Increased revenue estimates with no documentation – Local Receipts and Enterprise Funds
- Improper/no reservations of free cash voted
- Ballot votes not reported timely
- Documentation lacking for votes to reduce the tax rate and other matters
- Large changes (increases/decreases) in excess capacity
- Missing appropriations

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Tax Rate Season - 2025

Helpful Actions:

1. Start planning early for setting the tax rate
 - Understand the process
 - Back into a calendar
 - Assign clear responsibilities
 - Communicate expectations
2. Complete the tax rate recap forms as soon as your budget is adopted
3. Make sure local options/proposition 2 ½ ballot votes are reported promptly
4. Ensure revenue estimates are supported
5. Ensure revenue estimates match Gateway entries
6. Review and review again for accuracy
 - Are the results of what you entered in Gateway on the tax rate recap form what you expected?
 - Tax Rate?
 - Excess Capacity?

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Tax Rate Season - 2025

Risks of Late Submission:

- Takes longer for us to set your tax rate (2 days v. 6 days)
- If you make a fatal error, there is not enough time to correct it
 - Over the levy limit = Back to town meeting
 - Rejected/Unsupported revenue estimates
- Municipal staff unavailable due to unforeseen circumstances
- Miss appointment with your billing vendor

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Enterprise Fund Revenue Estimates

Enterprise fund number A-2(1ST) Of 7

Type of enterprise fund Sewer

Name of enterprise fund/statutory reference Sewer

Retained Earnings Certified	Date Certified	Amount Certified
FY 2024 Retained Earnings (as of 06/30/2023)	12/22/2023	782,468
FY 2025 Retained Earnings (as of 06/30/2024)	12/12/2024	-1,419,992

	(a) FY 2024 Actual Revenues	(b) FY 2025 Estimated Revenues	Percent Change
1. Enterprise revenues and available funds			
a. User charges	18,298,899.97	21,583,221.00	17.95
Other departmental revenue	1,869,358.17	1,800,000.00	-3.71
Investment income	0.00	0.00	0.00
Total revenues	20,168,258.14	23,383,221.00	
Retained earnings appropriated from July 1, 2023 Certification		778,059.00 **	
Retained earnings appropriated from July 1, 2024 Certification		0.00 **	
Other enterprise available funds TR W/ IN ENTERPRISE		828,746.00	
Total revenues and available funds	20,168,258.14	24,990,026.00 (To Recap Pg 2, Part III B, line 3)	

* Written documentation should be uploaded to support increases of estimated vs actual revenues

** Retained earnings must be certified by the Director of Accounts prior to appropriation

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Enterprise Fund Revenue Estimates

Enterprise Fund User Charge Template

City/Town/District Name: _____							
User Charges							
	FY24 Rate	FY25 Rate	\$ Change	% Change	FY24 Usage	Estimated Usage	Estimated Revenue
Tier 1							\$0
Tier 2							\$0
Tier 3							\$0
Tier 4							\$0
Tier 5							\$0
Irrigation							\$0
Elderly							\$0
							\$0
**Total Estimated revenue must be equal to or greater than line 1.a, column (b) on the form A-2							

- Old rate
- New rate
- Date of vote to raise rate
- Copy of selectboard/council vote to increase the rate
- Effective date of rate increase
- If usage increased, we need an explanation of why that is
- Upload the “user charge template” to the applicable A-2 in the tax rate recap

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Enterprise Fund Revenue Estimates

Stats:

Information taken from the FY2024 estimate column and the FY2025 actual column on the A-2 in the tax rate recap)

- There were revenue estimates for about 536 enterprise funds
- About 240 enterprise funds missed their estimate in FY2024
- 45% of enterprise funds missed their estimate
- The sum of the variances was \$84,269,882
- High of \$9,824,449.16 and 22 more than \$1,000,000

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Overlay

Overlay:

- [IGR 17-23 Overlay and Overlay Surplus](#)
- G.L. c., 59§25
- As part of the annual budget and tax rate process, the assessors must analyze the balance in the overlay account and determine whether it is adequate to fund anticipated property tax abatements, exemptions, and receivables during the upcoming fiscal year in addition to existing abatement, exemption, and receivable exposure for all previous fiscal years.
- Bureau of Accounts determines if the balance is “reasonable”.

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Free Cash and Retained Earnings votes

- Free cash and retained earnings certified as of 7/1/2024 expire 6/30/2025.
- If there is a balance remaining at 6/30/2025, you cannot appropriate from it until it is recertified after the 6/30/2025 close and free cash resubmission.
- If you vote from expired free cash/retained earnings or in excess of what was certified, we may declare the vote invalid.

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Budget Bulletin

- [Bulletin 2025-2](#): FY2026 Budget Issues and Other Related Matters
- [Cherry Sheet Estimates](#)
- Covid-19 Balance Sheet Deficits:
 - 59/289 free cash certified show Covid-19 related deficits at 6/30/2024, as follows:

CvRF-MP (CARES) -	\$6.3 million
FEMA Deficits -	\$17.1 million
ARPA Deficits -	\$7.2 million
ESSER Deficits -	\$8.3 million
Misc. Covid Deficits -	\$15.3 million
 - Must provide for these deficits on the FY2027 tax rate recap or from an available fund prior to setting the FY2027 tax rate.
- [Local option adoptions](#) and [Notifications](#) (no notification required for the HERO Act)
- Proposition 2 ½ ballot votes – [Webinar](#) and [Slides](#)

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Budget Bulletin

Year-End Transfers:

- Year-End Transfers under [G.L. c., 44§ 33B](#) outlined in [IGR 17-13](#).
- Deadline is July 15, 2025 (Tuesday) for the votes to be taken by the selectboard AND the finance committee, in a town.
- Same deadline. The city council, upon the recommendation of the mayor, may transfer any amount from a departmental or other appropriation to any another appropriation, except to transfer from a municipal light or school department budget.
 - Requires only a majority vote of the council
 - Approval of the department from which the transfer is being made is not required
 - Any end-of-year transfer from the municipal light or school department budget requires approval under the applicable general transfer procedure outlined in the IGR

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Closeout of Deficits to the General Fund

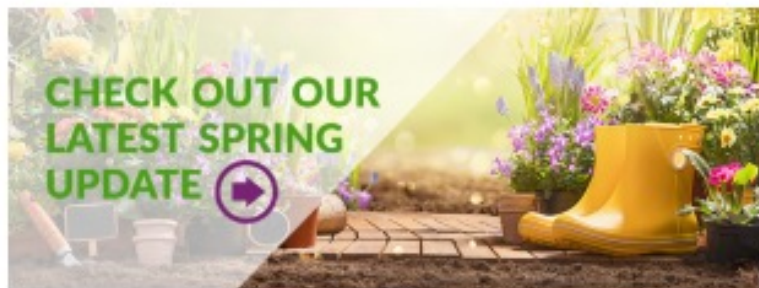
Structural Deficits from other funds:

- We encourage the clean-up of structural deficits in other funds
- These reduce free-cash annually
- These may not simply be transferred to the general fund and closed
- Must be funded through a vote from an available fund or raised on tax rate recap page 2, part II, line IIB 10.
- Once eliminated, having funded these deficits will increase your free cash by the amount of the hits to free cash

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Spring Update

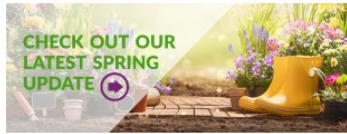


www.mass.gov/division-of-local-services-spring-update

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Spring Update



www.mass.gov/division-of-local-services-spring-update

Spring Municipal Finance Priorities →



Quickly find resources to complete spring priorities.

Annual Budget Process & Budget Document →



Quickly find resources highlighting the annual budget process and preparing the budget document.

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Spring Update

Accountant/Auditors & Other Local Officials:

Budget Bulletin for FY2026

This Bulletin addresses several topics that cities, towns, regional school and other districts should consider for FY2026 budgeting and other related matters. Click [here](#) for BUL 2025-2 FY2026 Budget Issues and Other Related Matters.

Reconciliation

Prompt and frequent reconciliations help maintain financial controls and checks and balances. Reconciliations are performed to ensure that information was processed properly and that the financial records in each office are accurate.

- [Training Resources: Reconciling Cash and Receivables](#)
- [Reconciliation Policy](#) (PDF)
- [Reconciling Cash and Receivables](#) (PDF)

Year-end

- [Year End Transfers IGR 17-23](#) (PDF)
- [Year-end Closing](#) (PDF)

[Accountant/Auditors & Other Local Officials](#)

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Community Preservation Act

Community Preservation Act

Trust fund revenues are generated by real estate transactions as recorded at the Registry of Deeds. Based on the trust fund balance and the amount of local surcharges committed, the base state match is 18.06% in November 2024.

TABLE OF CONTENTS

- Community Preservation Act Reports
- State Matches by Fiscal Year
- Community Preservation Act Resources
- Community Preservation Inventory Database Reporting (CP3)

Community Preservation Act Reports

Report showing all communities that have adopted the CPA +

State Matches by Fiscal Year

Excel files report the amount of state matching funds that were paid in a given fiscal year. These matches are based on the prior year surcharges committed. When using any file with "estimated" in its title, know that these are simply estimates, subject to change, and, therefore, municipalities should estimate the match conservatively.

 FY2026 Estimated Community Preservation Act State Match (English, XLSX 895.09 KB)

Community Preservation Act Resources

 [Community Preservation Act Notification of Acceptance](#) (English, PDF 84.93 KB)

[Community Preservation Coalition](#) +

 [IGR 2019-14 Community Preservation Fund](#) (English, PDF 922.55 KB)

[2024 Community Preservation Act Webinar \(Video\)](#) +

[2024 Community Preservation Act Presentation Slides \(PDF\)](#) +

[DLS Community Preservation Act Resources Webpage](#)

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Community Preservation Act – CP-2 Submission

ANNUAL REPORTING REQUIREMENTS

Community preservation communities are required to submit information regarding the CP Fund annually as follows:

- Form CP-1, "*Community Preservation Surcharge Report*," submitted via the [DLS Gateway System](#) under Miscellaneous Forms, Year End Accounting, to the DLS Data Analytics and Resources Bureau (DARB) by September 15.
- Form CP-2, "*Community Preservation Fund Report*," submitted via the [DLS Gateway System](#) under Miscellaneous Forms, Year End Accounting, to the Bureau of Accounts by October 31.

The CP-2 has to be submitted in advance of the balance sheet or tax rate. It is required to certify your free cash or set the tax rate, whichever is submitted first.

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Free Cash Proof Comparison Report

Division of Local Services Gateway

Welcome to

Massachusetts Division of Local Services Gateway

DLS Gateway offers local officials an immediate way to enter data and verify submission status across all the regulatory review programs administered by Division of Local Services. Online services are currently available:



Public Reports and Database

- » Municipalities with Approved Tax Rate
- » Municipal Fiscal Year Recaps
- » Municipal Proforma Recap
- » Municipal Levy Limit
- » Districts with Approved Tax Rate
- » District Fiscal Year Recaps
- » District Proforma Recap
- » Local Officials Directory
- » LA3 - Parcel Search
- » LA-19 Equalized Valuation Report
- » Corporation Book On-line Search
- » Search DLSLAW Library
- » Search FMRB Projects

Free Cash Calculations

- » City & Town Free Cash
- » **Free Cash Proof Comparison**
- » District Free Cash
- » Regional School District Excess & Deficiency

Division of Local Services

- » DLS Web Site
- » Contact Gateway/IT Support
- » DLS Databank Analytics & Reports
- » Bureau of Local Assessment
- » Bureau of Accounts

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Free Cash Proof Comparison Report

Select Municipality:

Select Years: 4 selected ▼

Submit

Export Table

Free Cash Proof Description	2021	2022	2023	2024
Free Cash Certified Prior Year	77,363	1,194,627	2,001,578	2,621,099
Current Year Calculation	1,194,627	2,001,578	2,621,099	4,088,328
Revenue Deficits	0	0	0	0
Excess/Shortfall Local Receipts (CL#6)	972,951	426,792	998,747	886,082
Add Actual Revenue Received but not Estimated (CL#7)	0	0	0	0
Excess/Shortfall Cherry Sheet Receipts (CL#8)	57,655	247,608	5,633	(25,021)
Add Unencumbered/Unexpended Appropriations (CL#11)	127,527	1,442,816	1,999,579	2,123,822
Subtract Negative Free Cash Certified July 1 Prior Year	0	0	0	0
Add Prior Year Free Cash Not Appropriated (CL#12)	11,363	1,621	413,061	293,399
Add Overlay Surplus Closed (CL#13)	0	0	0	0
Prior & Current Year Outstanding Receivables Total	84,932	(163,028)	(243,362)	473,850
Net Change in Adjustment to Free Cash	(170,156)	(448,879)	(795,259)	473,511
Other Adjustments	142,880	365,190	0	(570,000)
Identified Free Cash July 1,	1,293,152	1,872,126	2,438,399	3,605,613

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MassCPAs Governmental Accounting and Auditing Conference

Treasurer's Year End Cash and Statement of Indebtedness

On track for these to be forms directly in Gateway for the 6/30/2025 balance sheet submission.

Final answer will be in the Year-End Letters

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MassCPAs Governmental Accounting and Auditing Conference

Additional Resources

Take advantage of our training resources

- [Proposition 2 ½ and Calculating the Levy Limit](#)
- [Completing the Tax Rate Recap Forms Webinar](#) (Video)
- [Free Cash Upload & Certification Process Webinar Recording](#) (Video)
- [Excess and Deficiency Upload Process Webinar Recording](#) (Video)
- [Submitting Proposition 2 ½ Ballot Votes in Gateway](#) (Video)

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MassCPAs Governmental Accounting and Auditing Conference

Questions?

- Contact us anytime for assistance – wagnerd@dor.state.ma.us

Questions??

[illegible]

9:30–10:30 a.m. – Part 1

10:40–11:40 a.m. – Part 2

Hot Topics at the Governmental Accounting Standards Board (GASB)

.....
Lisa Parker, CPA, CGMA
*Governmental Accounting
Standards Board (GASB)*

[illegible]

Massachusetts Society of CPAs Government Accounting and Auditing Conference



GASB UPDATE

Lisa R. Parker, CPA, CGMA, Senior Project Manager and GASAC Coordinator

May 6, 2025

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



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www.gasb.org

The screenshot shows the GASB website homepage. At the top is a navigation bar with links for 'About Us', 'Standards & Guidance', 'Projects', and 'News & Meetings'. Below the navigation bar is a large banner image of a meeting room with the text: 'The GASB establishes accounting and financial reporting standards for U.S. state and local governments that follow generally accepted accounting principles (GAAP). The Governmental Accounting Research System™ (GARS) provides access to those standards.' Below the banner are four main content boxes. The first box is titled 'GASB Issues Statement on Financial Reporting Model Improvements' and features a blue grid background. It includes a sub-header 'Statement No. 103 Now Available' and a brief description of the new guidance. The second box is titled 'GASB Chair Report' and features a photo of the chair. It includes a sub-header 'Now Available: First Quarter Chair Report' and a brief description. The third box is titled 'Current Projects' and includes a sub-header 'View information about current GASB projects, including status updates and expected issuance timelines for due process document and final standards.' The fourth box is titled 'Meetings' and includes a sub-header 'Access information about upcoming and past meetings of the GASB and the GASAC, including meeting details and links to view live streams and recordings.' At the bottom of the page is a 'News' section with several recent articles, including 'GASB Publishes Post-Implementation Review Report on Pension Standards' and 'Financial Accounting Foundation Board of Trustees Seeks Nominations for Governmental Accounting Standards Board (GASB) Member'.



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Website Resources


- Free download of Statements, Implementation Guides, Concepts Statements and other pronouncements
- Free, enhanced online access to the Governmental Accounting Research System (GARS)
- Free copies of proposals
- Up-to-date information on current projects
- Form for submitting technical questions
- Educational materials, including podcasts (Bridging the GAAP)



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GOVERNMENTAL
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STANDARDS BOARD

gars.gasb.org

Updated through December 31, 2023

Search

Codification

Original Pronouncements

Comprehensive Implementation Guide

Other Reference

Tools

Login

Welcome to the Governmental Accounting Research System™

The Governmental Accounting Research System™ has been updated through December 31, 2023.

About GARS

The Governmental Accounting Standards Board (GASB) Governmental Accounting Research System™ (GARS) provides access to all U.S. generally accepted accounting principles (GAAP) for state and local governments. It includes material from the GASB's Codification, Original Pronouncements, and Comprehensive Implementation Guide, as well as related resources and tools.

What's New in This Update

This update incorporates into the Codification and the Comprehensive Implementation Guide the effects of the following pronouncements that first became effective between July and December 2023:

Statement No. 99, *Omnibus 2022*

Statement No. 101, *Compensated Absences*

This update incorporates into the Original Pronouncements the following pronouncement that was issued by the GASB between July and December 2023:

Statement No. 102, *Certain Risk Disclosures*

View documents for public comment.


Final Pronouncements Not Yet Incorporated into the Content

Help

The website offers several resources to enhance your working knowledge of GARS. They include a help page with descriptions of specific functions and features of the site and a downloadable user guide.

Help Topics

User Guide



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Effective Dates

December 31: Fiscal Year 2024

- Statement 99—*Omnibus 2022* (financial guarantees and classification of derivatives)
- Statement 100—*Accounting Changes and Error Corrections*
- Statement 101—*Compensated Absences*
- IG 2021-1—*Implementation Guidance Update—2021* (5.1)
- IG 2023-1—*Implementation Guidance Update—2023*

December 31: Fiscal Year 2025

- Statement 102—*Certain Risk Disclosures*

December 31: Fiscal Year 2026

- Statement 103—*Financial Reporting Model Improvements*
- Statement 104—*Disclosure of Certain Capital Assets*

Effective Dates

June 30: Fiscal Year 2025

- Statement 101—*Compensated Absences*
- Statement 102—*Certain Risk Disclosures*

June 30: Fiscal Year 2026

- Statement 103—*Financial Reporting Model Improvements*
- Statement 104—*Disclosure of Certain Capital Assets*

Materiality

Included in EVERY Statement:

The provisions of this Statement need not be applied to immaterial items.

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Presentation Overview



Pronouncements being implemented



Proposals for public comment



Projects currently being deliberated by the Board



Pre-agenda research and other research activities



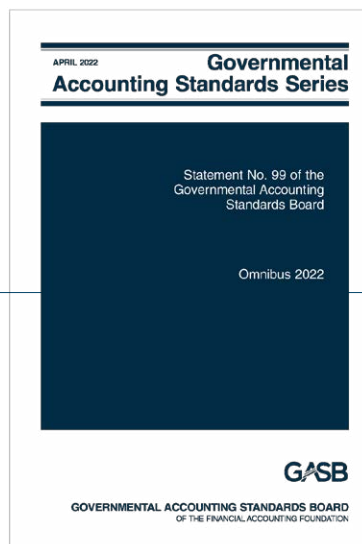
Post-implementation review

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Pronouncements Being Implemented

Omnibus 2022

Statement No. 99



Omnibus 2022

What?

Practice issues identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees.

Why?

Omnibus Statements are issued to address issues in multiple pronouncements that, individually, would not justify a separate pronouncement.

When?

Various effective dates:
1) Upon issuance
2) Fiscal years beginning after June 15, 2022
3) Fiscal years beginning after June 15, 2023.

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General Omnibus Topics

Financial Guarantees

Other Derivative Instruments

Leases, PPPs, and SBITAs

Extended Use of LIBOR

Technical Updates/Corrections

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Financial Guarantees

Statement 99 DOES

- Apply the liability recognition, liability measurement, and disclosure requirements in Statement 70 to governments that extend exchange or exchange-like financial guarantees.

Statement 99 DOES NOT

- Prescribe expense classification.
- Prescribe recognition guidance for the consideration received in an exchange or exchange-like financial guarantee transaction.

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Other Derivative Instruments

Other Derivative Instruments

- Change in fair value should be reported on the flows statement separately from investment revenues.
- Disclosures should be distinguished from hedging derivative instruments and investment derivative instruments.
- Fair value of derivative instruments that were reclassified from hedging derivative instruments should be disclosed.

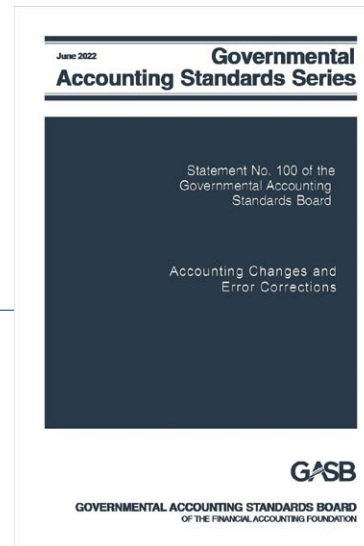
Termination of Hedge Accounting

- If hedging derivative instruments cease to be effective, the balance of the deferrals should be reported on the flows statement separately from investment revenues.

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Accounting Changes and Error Corrections

Statement No. 100



Accounting Changes and Error Corrections

What?

Based on a reexamination of the requirements in Statement 62, the Board has replaced the guidance that previously existed in Statement 62 with new standards for accounting changes and error corrections.

Why?

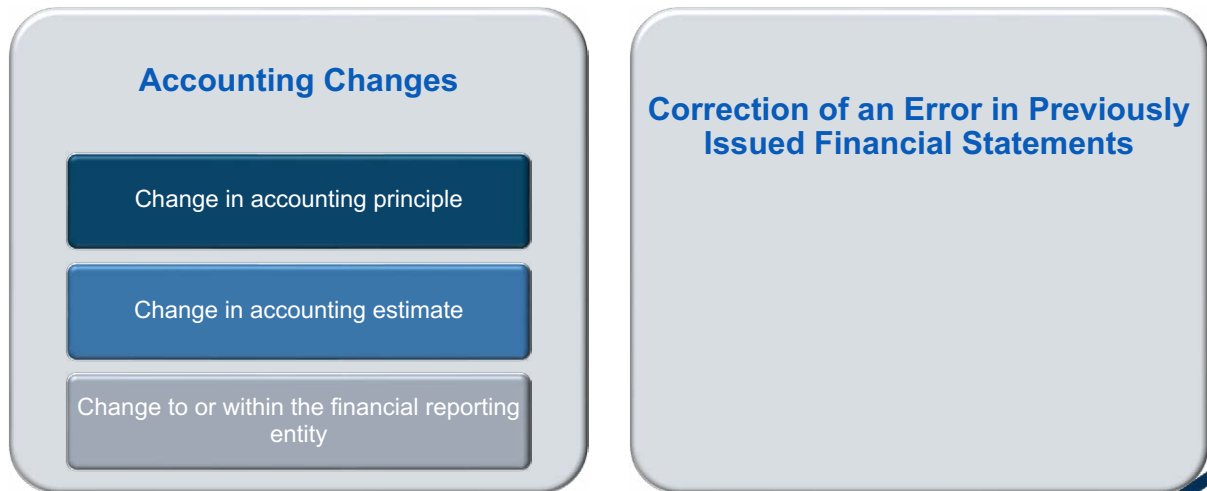
The previous guidance was based on several sources of accounting standards, some of which had been superseded and much of which had been in effect without review by the GASB for decades.

When?

Effective for changes made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged.

Classification



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Change in Accounting Principle

- A change in accounting principle results from either:
 - A **change** from one generally accepted accounting principle to another that is justified on the basis that the newly adopted accounting principle is preferable
 - Preferability based on the qualitative characteristics of financial reporting
 - Implementation of new pronouncements.

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Proposed Q&A – Implementation Guide Update

4.14. Q—Is a change in capitalization threshold a change in accounting principle as defined in Statement 100?

A—No. A capitalization threshold is the application of materiality to a specific asset class. Therefore, the requirements of Statement 100 for a change in accounting principle do not apply to that change.

Accounting Estimates

■ Accounting estimates are:

- Amounts subject to measurement uncertainty that are recognized or disclosed in basic financial statements.
- Outputs determined based on inputs such as data, assumptions, and measurement methodologies.

Change in Accounting Estimate

- A *change* in accounting estimate occurs when the inputs change.
 - Inputs include data, assumptions, and measurement methodologies.
- Changes in inputs result from:
 - Change in circumstance
 - New information
 - More experience.
- Change in measurement methodology should be justified on the basis that new methodology is preferable.
 - Based on qualitative characteristics of financial reporting.

Change to or within the Financial Reporting Entity

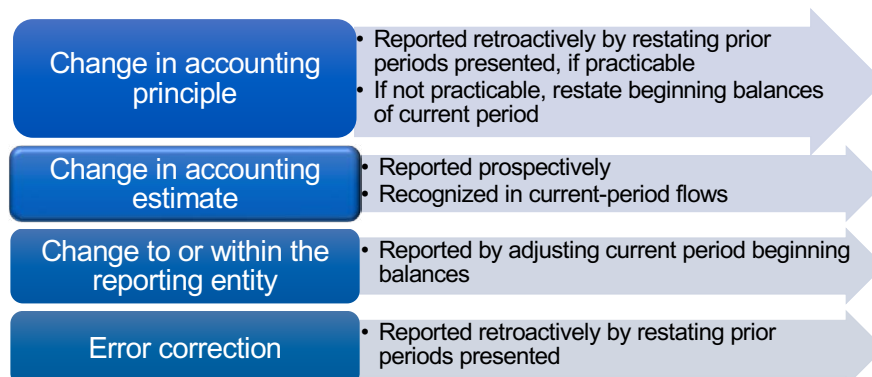
- A change to or within the financial reporting entity results from:
 - Addition/removal of a fund that results from movement of continuing operations within the primary government, including its blended component units
 - A change in the fund presentation as major or nonmajor
 - Addition/removal of a component unit (except for acquisitions, mergers, and transfers of operations, and Statement 90 component units)
 - Change in presentation (blended or discrete) of a component unit.

Correction of an Error

- An error results from:
 - Mathematical mistakes
 - Misapplication of accounting principles
 - Oversight or misuse of facts that existed at the time the financial statements were issued about conditions that existed as of the financial statement date.
 - Facts that could reasonably be expected to have been obtained and taken into account at that time about conditions that existed as of the financial statement date

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Accounting for Accounting Changes and Error Corrections



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Display

Shown separately

- Aggregate amount of adjustments to and restatements of beginning balances should be displayed for each reporting unit.

Proposed Q&A – Implementation Guide Update

- 4.16. Q—How should a change in a fund's presentation from major to nonmajor be displayed in the financial statements?

A—Paragraph 31 of Statement 100 requires that the aggregate adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed separately by reporting unit. As a result, although the column does not have activity for the reporting period, a column that presents (a) the fund's beginning balance as previously reported in the major column and (b) the adjustment to that balance, should be displayed in the statement of revenues, expenditures, and changes in fund balances or statement of revenues, expenses, and changes in net position, as applicable.

Proposed Q&A – Implementation Guide Update

4.17. Q—Would the answer to Question 4.16 be different if the major fund no longer exists as a result of the movement of continuing operations, for example, a major proprietary fund will be reported as part of the general fund (instead of as a result of a change in fund presentation as described in Question 4.16)?

A—No, the answer is the same. Although the column does not have activity for the reporting period, a column that presents (a) the fund's beginning balance as previously reported in the major column and (b) the adjustment to that balance, should be displayed in the statement of revenues, expenditures, and changes in fund balances or statement of revenues, expenses, and changes in net position, as applicable.

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Note Disclosures

Disclosures vary depending on the type of item, but common disclosures include:

The nature of the change or error and its correction

Reason for the change

The effects on beginning net position, fund balance, or fund net position, as applicable, presented in a tabular format

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RSI and SI

The Statement addresses how to present in RSI and SI information that is affected by an accounting change or error correction.

Periods earlier than those presented in basic financial statements should **not** be restated for changes in accounting principles.

Periods earlier than those presented in basic financial statements should be restated for error corrections, if practicable.



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Compensated Absences

Statement No. 101

June 2022 Governmental Accounting Standards Series

Statement No. 101 of the
Governmental Accounting
Standards Board

Compensated Absences



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION



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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

- 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

Examples:

- 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

Generally the employee's pay rate at financial reporting date*

* See next slide

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

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Proposed Q&A – Implementation Guide Update

- 4.18. Q—Is a future pay rate that is known (for example, 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 other than the 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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Common Questions

- Pay rate exceptions
 - MLTN to be paid at rate different from employee's pay rate at time of payment
 - Example: Payout at termination at ½ of employee's pay rate at that time
 - Not pay rate at time of payment different from pay rate at FS date
 - See Q4.18 in Exposure Draft of Implementation Guidance Update 2025
 - Leave pools and noncash settlement
- Flows assumption
 - Exposure Draft proposed FIFO requirement
 - Statement 101 does not require either FIFO or LIFO
 - Judgment in setting policy

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Leave Used but Not Paid



Liability for amount
of cash payment or
noncash settlement

Include applicable
salary-related
payments



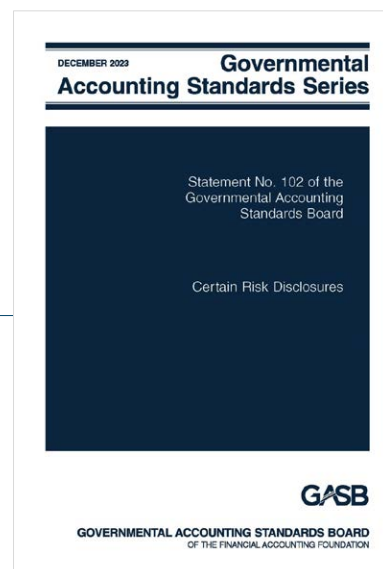
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Note Disclosures and Effective Date

- 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

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 and Definitions: Concentrations and Constraints

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

Concentrations and constraints limit a government's ability to acquire resources or control spending.

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Application of Disclosure Criteria:

Primary government reporting unit, including blended component units, AND

Other reporting units that report a liability for revenue debt

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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

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



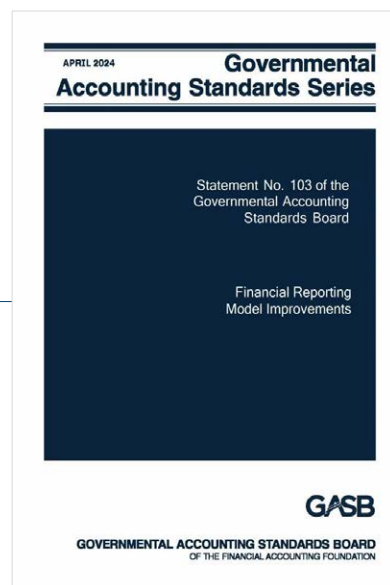
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Financial Reporting Model Improvements

Statement No. 103



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Financial Reporting Model Improvements

What?

The Board has made certain improvements to the financial reporting model—Statements 34, 35, 37, 41, and 46, and Interpretation 6.

Why?

A review of those standards found that they generally were effective but that there were aspects that could be significantly improved.

When?

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

Earlier application is encouraged.



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Overview

Clarification of operating and nonoperating in proprietary funds

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

Management's discussion and analysis

Budgetary comparisons

Major component unit presentations

Unusual or infrequent items



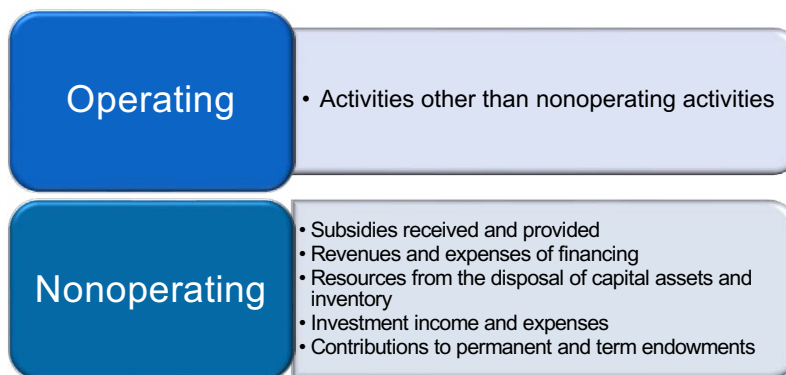
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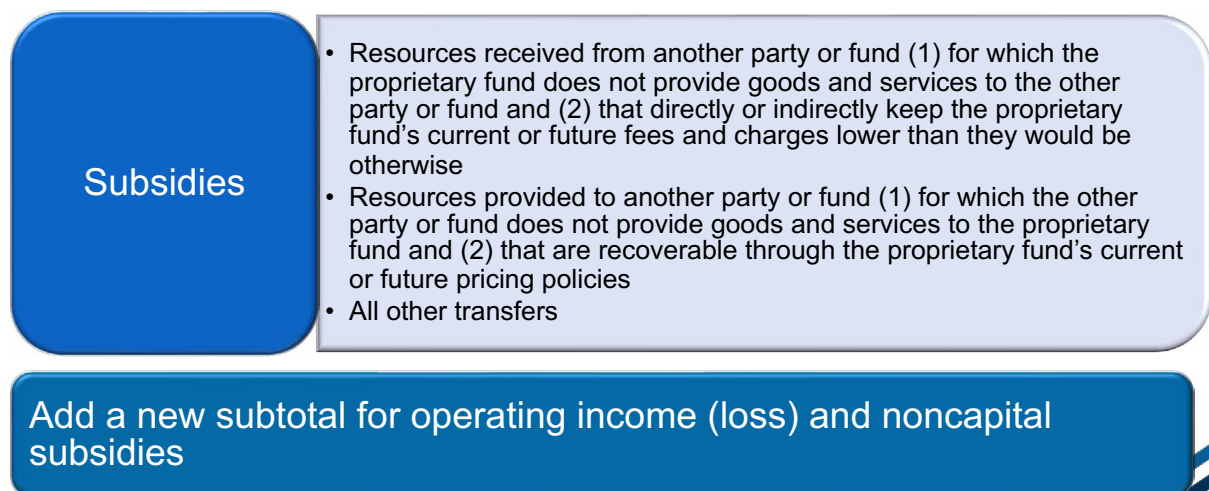
Proprietary Funds—Operating and Nonoperating

Separate presentation of operating and nonoperating revenues and expenses



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Proprietary Funds—Subsidies



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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				Internal Service Funds
	Public Utility	Transit Authority	Golf Courses	Total	
OPERATING REVENUES					
Charges for services	\$ 41,003	\$ 18,836	\$ 2,561	\$ 62,200	\$ 42,523
Miscellaneous	283	33	104	420	78
Total operating revenues	41,286	18,869	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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Management's Discussion and Analysis

- 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

Management's Discussion and Analysis Components

- Overview of the financial statements
- Financial summary—condensed financial statements
- 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

Management's Discussion and Analysis Components

- 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

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Management's Discussion and Analysis Components

- 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
 - Trends in relevant economic and demographic data
 - Factors used to develop the subsequent year's budget
 - Those affecting revenues available for appropriation, for example, changes in rates and bases of activity
 - Those affecting planned spending, for example, 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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Budgetary Comparisons and Major Component Unit Presentations

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.

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.

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

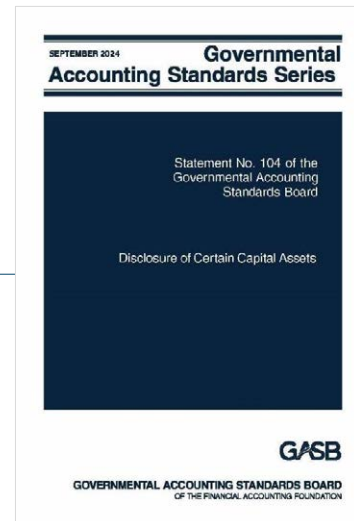
Proposed Q&A – Implementation Guide Update

4.19. Q—If a primary government is implementing Statement 103 for its fiscal year ended June 30, 2026, and it includes 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.

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.

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

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
- Factors to consider if it is probable that the sale will be finalized within one year
- No change to measurement
- 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

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 Updates

2021-1, 2023-1

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Implementation Guidance Updates

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?

Effective dates vary by Q&A from periods beginning after June 15, 2021 through periods beginning after June 15, 2023.

Implementation Guide 2021-1

- Effective for periods beginning after June 15, 2023:
 - Amendment to existing Question 7.9.8 regarding capital assets (5.1)
- Already effective:
 - New questions related to:
 - Derivative instruments (4.1)
 - Fiduciary activities (4.2 and 4.3)
 - Leases (4.4–4.22)
 - Nonexchange transactions (4.23)
 - Amendments to existing questions related to:
 - Statement 34 (5.2 and 5.3)
 - Statement 48 (5.4)
 - Supersessions of existing questions related to Statement 51 (Z.51.4–Z.51.7)

Implementation Guide 2023-1

- Effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter:
 - New questions related to:
 - Leases (4.1–4.6)
 - SBITAs (4.7–4.9)
 - Changes to or within the financial reporting entity (4.10)
 - Amendments to existing questions related to:
 - Leases (5.1)

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Proposals for Public Comment

72

Preliminary Views: Severe Financial Stress and Probable Dissolution Disclosures

Going Concern Uncertainties and Severe Financial Stress Project

What?

The Board is:

- reviewing existing standards related to going concern, and
- addressing issues related to disclosures regarding going concern uncertainties and severe financial stress.

Why?

Existing guidance presents challenges that result in diversity in practice.

Some governments experience severe financial stress but do not dissolve and others dissolve for reasons other than severe financial stress.

When?

The Board issued a Preliminary Views in March 2025.

Comment deadline is June 30, 2025.

Preliminary Views – Two Independent Ideas

- Severe Financial Stress (SFS)
 - Condition existing as of financial statement date
 - Regardless of continued existence
- Probable Dissolution (PD)
 - Uncertainty about future event occurring
 - Regardless of financial condition
- Government could be required to make SFS disclosures, PD disclosures, or both
- *Going concern uncertainty* not used for greater clarity



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Preliminary Views – Severe Financial Stress

- Disclosures required if government is experiencing financial difficulties such 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 (proximity not time, indicators)
- 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
 - Additional disclosures in subsequent periods if condition persists or is alleviated



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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
 - Statement that there is PD
 - 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
 - Additional disclosures in subsequent periods if PD persists or no longer present

Providing Feedback

- Written comments
 - Comment letter
 - Electronic feedback form
 - **Deadline: June 30, 2025**
- Public forums
 - July 28-29, 2025 – Nashville
 - August 11, 2025 – virtual
 - August 21, 2025 – virtual
 - September 9-10, 2025 – Norwalk
 - **Deadline to notify of intent to participate: June 30, 2025**

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 2026

Current Technical Agenda Projects

Infrastructure Assets

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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 is January 17, 2025.

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Preliminary Views

Infrastructure assets should continue to be recognized and measured in financial statements using historical cost net of accumulated depreciation, except for those governments that elect to use the modified approach.

Requirements for use of the modified approach as described in Statement 34 generally should continue to apply.

Preliminary Views 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 life is different

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 lives but have not exceeded 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	February 2026

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Subsequent Events

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Subsequent Events

What?

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

Why?

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

When?

The Board issued an Exposure Draft in November 2024. Comment deadline is February 21, 2025.

Exposure Draft

- Definitions of recognized and nonrecognized events
- Information to be provided in basic financial statements
- Interactions with other GASB standards

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.

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.

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

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

Project Timeline

Pre-Agenda Research Started	July 2022
Added to Current Technical Agenda	August 2023
Deliberations Began	October 2023
Exposure Draft Issued	November 2024

Implementation Guidance Update

Proposed IG Update 2025

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 in November 2024. Comment deadline is January 24, 2025.

Proposed Implementation Guide Update—2025

- New questions related to:
 - Capital assets (including application of Statement 104)
 - 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)
- Exposure Draft issued Q4 2024; Final expected to be issued Q2 2025

Revenue and Expense Recognition

Revenue and Expense Recognition

What?

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

Why?

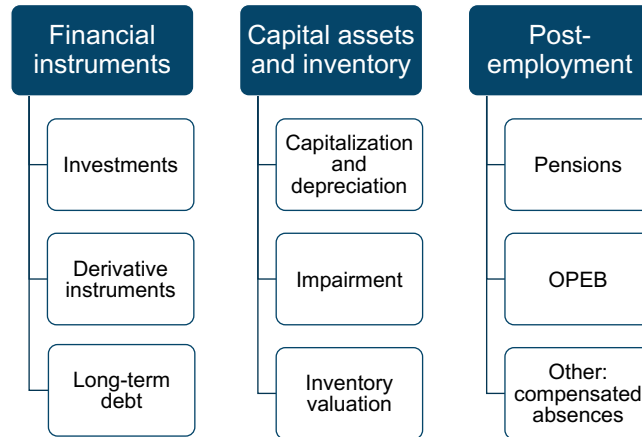
Guidance for exchange transactions is limited; guidance for nonexchange transactions could be improved and clarified

When?

Exposure Draft scheduled for November 2025

Scope of the Project

- The scope is defined broadly to include revenues and expenses that are not **explicitly excluded**:



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Scope in the Context of Standards

In Scope:

- Revenue and expense recognition from nonexchange transactions
 - Statements 6, 24, 33, 36
- Revenue and expense recognition from exchange transactions
 - Statements 34 and 62

Out of Scope:

- Statements issued since Statement 63
- Statements that result from projects added to the technical agenda after April 2016

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Proposed Recognition Model Components

Categorization

Identify the *type* of transaction

Recognition

Determine *what* element should be reported and *when*

Measurement

Determine the *amount* to report

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Categorization Methodology

Process to identify transactions as Category A (include a performance obligation, or Category B (does not include a performance obligation)

Identification

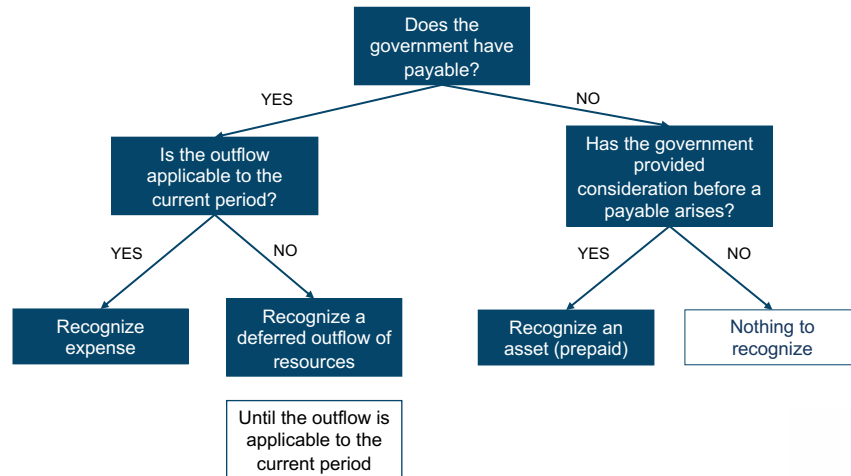
- Binding Arrangement
- Transaction(s)
- Parties
- Rights and Obligations

Assessment of Rights and Obligations

- Substantiveness
- Interdependence

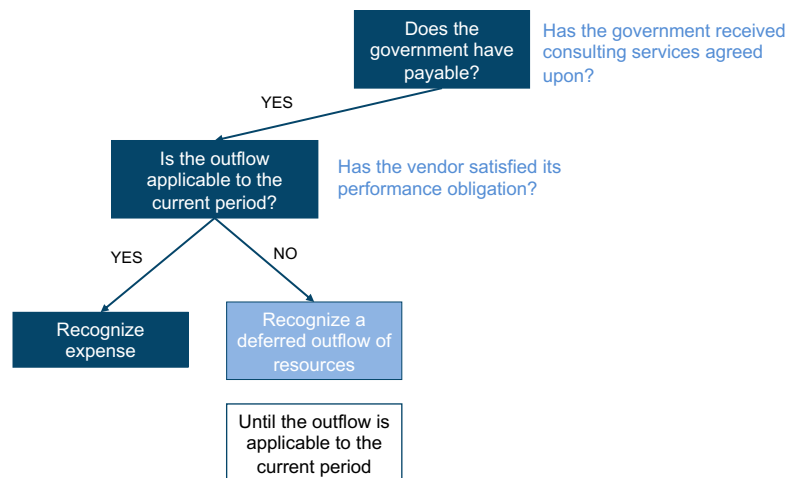
104

Proposed Expense Recognition Principles



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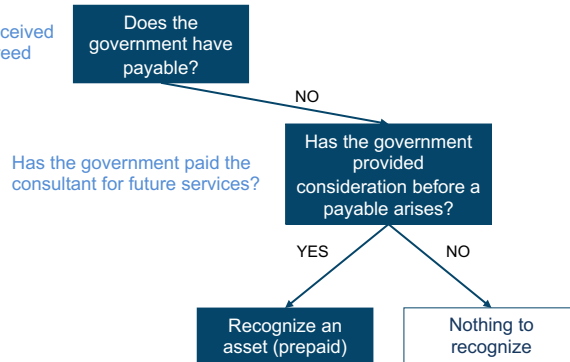
Consulting Expense Example—Part I



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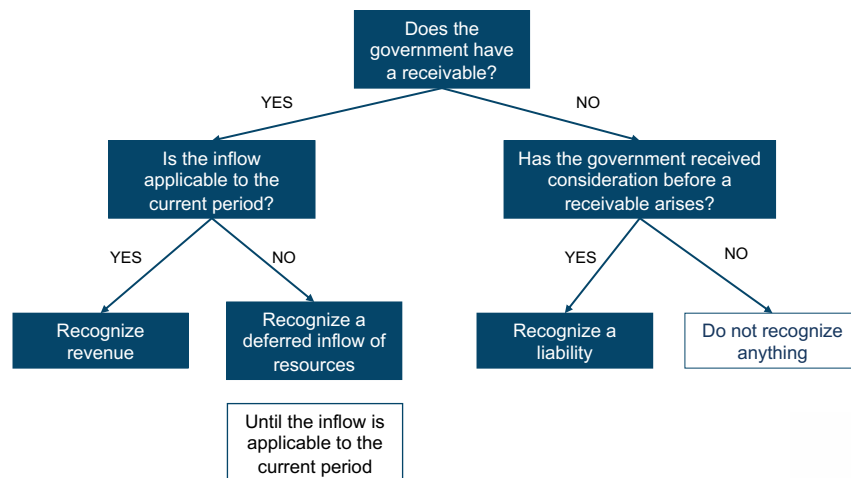
Consulting Expense Example—Part II

Has the government received consulting services agreed upon?



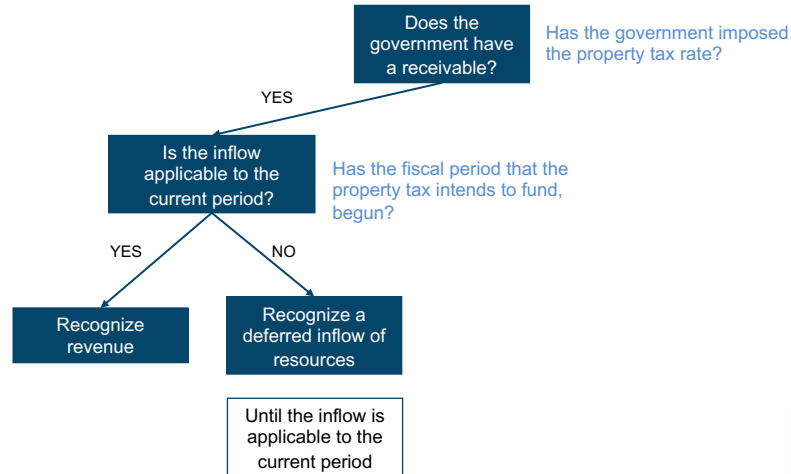
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Proposed Revenue Recognition Principles



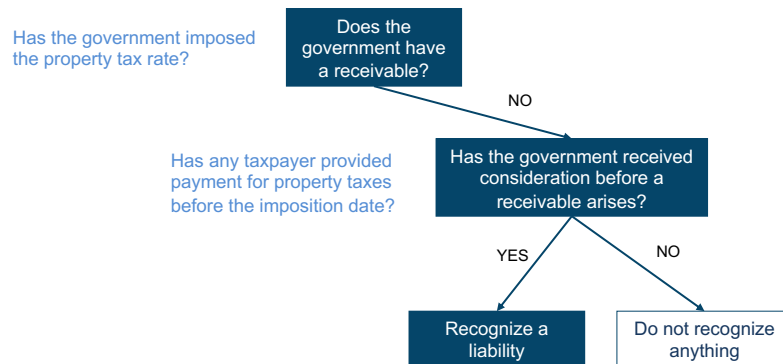
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Property Taxes Revenue Example—Part I



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Proposed Revenue Recognition Principles




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Organization of Category B Transactions

Imposed Transactions			Transactions with Qualifying Requirements	Transactions without Qualifying Requirements		
Imposed on an underlying transaction	Imposed on actions committed or omitted	Imposed on property ownership		Contractual Binding Arrangement	Legislative Binding Arrangement Periodic Appropriation	Legislative Binding Arrangement Continuous Appropriation
Sales Tax Income Tax	Regulatory Fees Punitive Fees	Property Taxes	Federal Grants	Pledges PILOTs	K-12 Aid	Shared Motor Fuel Tax

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Imposed on an Underlying Transaction

Characteristics	Recognition	Examples
<ul style="list-style-type: none"> A government imposes a requirement to provide resources Upon the occurrence of an underlying transaction 	<ul style="list-style-type: none"> Receivable is recognized when the underlying transaction occurred Revenue is generally recognized along with the receivable 	<ul style="list-style-type: none"> Sales Tax Personal and Corporate Income Taxes Passenger Facility Charges 

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Imposed on Actions Committed or Omitted

Characteristics

- A government **imposes** a requirement to provide resources
- Upon an action or an omission

Recognition

- Receivable is recognized when the underlying action or omission takes place
- Revenue is generally recognized along with the receivable

Examples

- Regulatory fees: Fishing License
- Punitive fees: Moving Violations
- Escheats and seizures



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Imposition on Property Ownership

Characteristics

- A government **imposes** a requirement to provide resources
- On property ownership
 - Personal property
 - Real Property

Recognition

- **Receivable is recognized at the imposition date**
- A deferred inflow of resources is recognized if the imposition occurs before the fiscal period the tax is intended to fund
- Revenue is recognized in the fiscal period the tax is intended to fund

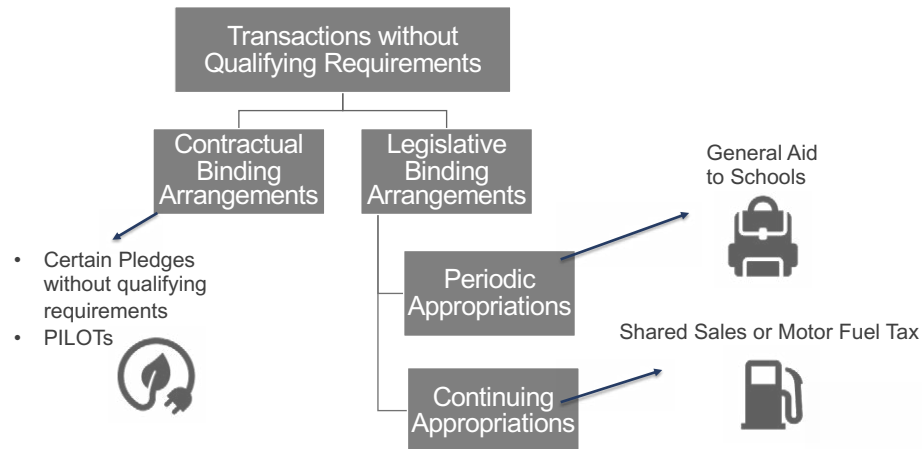
Examples

- Real Property Tax
- Personal Property Tax






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Transactions without Qualifying Requirements— Examples



115

Transactions without Qualifying Requirements — Recognition

General Aid to Schools (Periodic Appropriation)	Shared Revenue (Continuing Appropriation)	Pledges (without Qualifying Requirements)
<ul style="list-style-type: none"> • The provider government has appropriated the resources. • The period of the appropriation has begun, and • The provider government intends to provide the resources. 	<ul style="list-style-type: none"> • Recipient recognizes the asset when the underlying transaction has occurred if: • There is an appropriation (if required), and • The provider government intends to provide the resources 	<ul style="list-style-type: none"> • Recognize a receivable when the government receives or becomes aware of the binding arrangement. • If subject to time requirements, recognize a DIR.
		

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Transactions with Qualifying Requirements—Proposed Clarifications

Characteristics	Recognition	
<ul style="list-style-type: none"> Externally imposed conditions or conditions imposed by law that are required to be satisfied by the recipient before said recipient is entitled to the resources 	<ul style="list-style-type: none"> Recipient recognizes a receivable when qualifying requirements are satisfied. 	<ul style="list-style-type: none"> <i>Terminology difference to communicate change in concept.</i> <i>Timing of cash does not determine the type of transaction (no longer identified as "reimbursement based").</i> <i>Exercise of professional judgement remains a necessary step to determine if a transaction includes qualifying requirements.</i>

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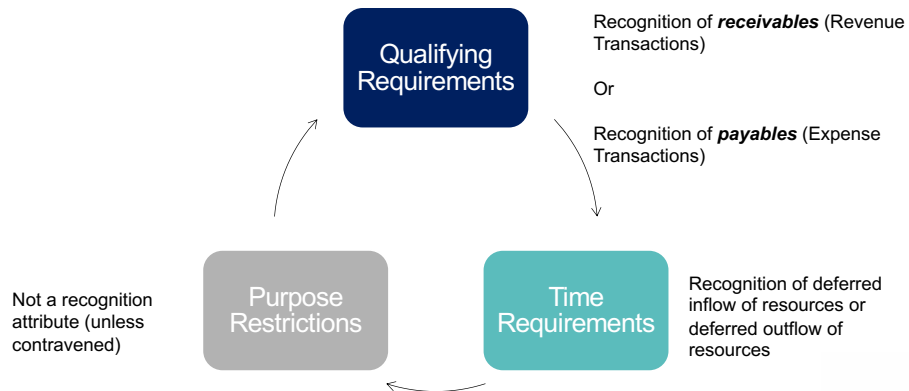
Tentative Decisions about Qualifying Requirements

Administrative Requirements	<ul style="list-style-type: none"> Filing reports or reimbursement requests 	
Qualifying Costs	<ul style="list-style-type: none"> Incurrence of cost in compliance with all other applicable requirements 	✓
Other Qualifying Requirements	<ul style="list-style-type: none"> Actions of the government not associated with costs, for example, outputs or outcomes 	✓
Post Grant Compliance Requirements	<ul style="list-style-type: none"> Capital maintenance, purpose of the capital asset, prevailing wages 	

A receivable (for the recipient) is recognized when the government has complied with either qualifying costs requirements or other qualifying requirements.

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Transactions with Qualifying Requirements—Clarifications



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Purpose Restrictions and Time Requirements

Purpose Restrictions

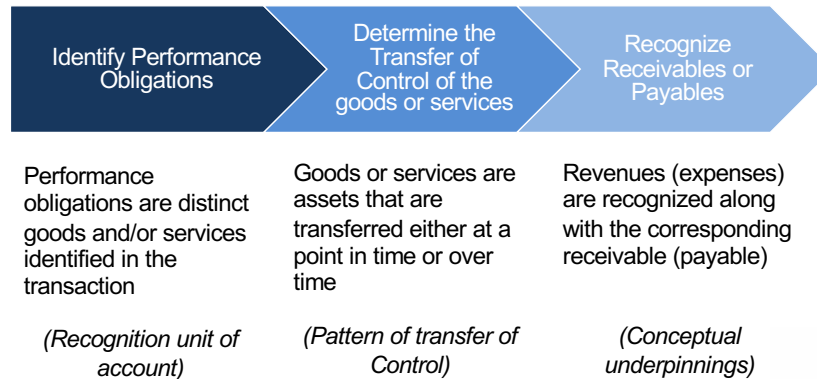
- Externally imposed or imposed by law that limits the activities or programs for which resources can be deployed
- Not a recognition attribute
- Not self-imposed
- Can simultaneously exist with qualifying requirements
- Motor fuel tax

Time Requirements

- Externally imposed or imposed by law that establish the period or periods when the use (sale, disbursement, or consumption) of resources may begin or should end.
- A recognition attribute that establishes the existence of a deferral
- Neither permanent constraint nor self-imposed
- Not appropriations nor performance periods
- For example, property taxes to fund a specific fiscal period.

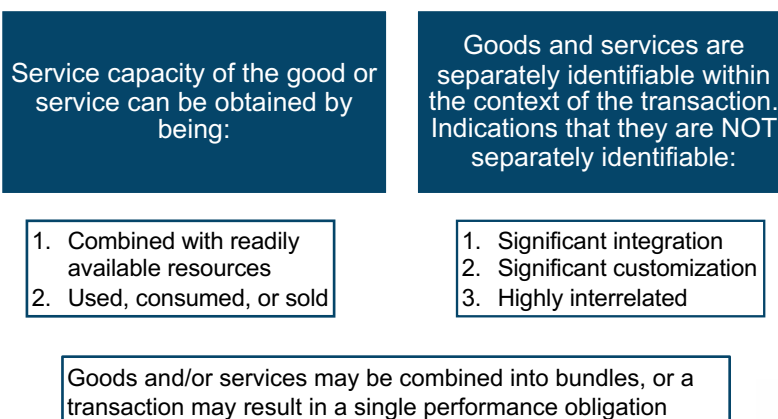
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Proposed Recognition Principles for Category A Transactions



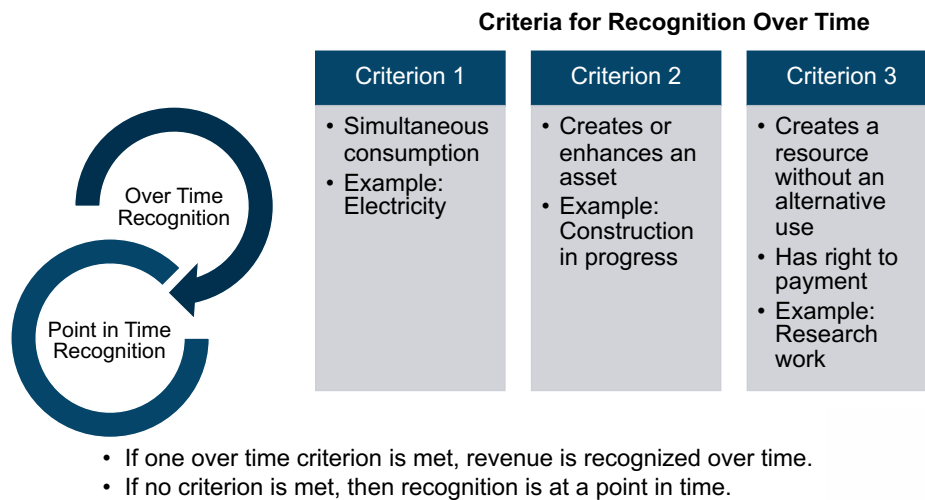
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Criteria for Identifying Performance Obligations



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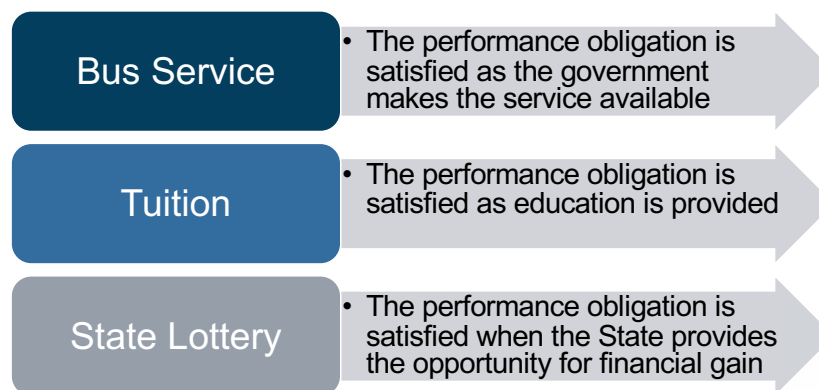
Category A Revenue Recognition: Over Time or Point in Time



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Category A Revenue Recognition Examples

A performance obligation is satisfied when there is a transfer of control of resources



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Category A Expense Recognition Examples

A performance obligation is satisfied when there is a transfer of control of resources.

Expenses are assets even if only momentarily.

City orders supplies

- The performance obligation is satisfied when the city receives the supplies

School District hires CPA

- The performance obligation is satisfied as the CPA firm carries out the expected work, such as an audit

Public Utility employees

- The performance obligation is satisfied as the employees perform services over time

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Pre-Agenda Research, Technology Project, and Other Research Activity

126

Pre-Agenda Research

127

Cybersecurity Risk Disclosures

128

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Cybersecurity Risk Disclosures

What?

The GASB is determining whether additional guidance may be able to improve financial reporting with specific disclosures related to cybersecurity.

Why?

State and local governments are increasingly being exposed to cybersecurity threats.

When?

The Board added the pre-agenda research in December 2024.

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Research Objectives

To determine:

- the types of cybersecurity threats faced by state and local governments
- whether and how cybersecurity threats are currently disclosed in the financial statements
- whether financial reporting guidance has the potential to address user needs for this information

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GAAP Structure

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GAAP Structure

What?

The GASB is evaluating the effectiveness of the GASB's current dual-authority approach to communicating GAAP for state and local governments.

Why?

The existing GAAP structure includes both Original Pronouncements and the Codification, each with equal authoritative status.

When?

The Board added the pre-agenda research in August 2023.

132

Research Objectives

- Phase 1
 - Evaluate the effectiveness of the GASB's current dual-authority approach to communicating GAAP.
- Phase 2
 - Explore a single authority structure, including whether and how it could be operationalized.

133

Revenue and Expense Recognition—Note Disclosures

134

Revenue and Expense Recognition—Note Disclosures

What?

The GASB is evaluating the need for note disclosures associated with transactions that are in the scope of the revenue and expense recognition project.

Why?

Note disclosures were scoped out of the revenue and expense recognition project.

When?

The Board added the pre-agenda research in August 2024.

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Research Activities

- Survey of users – to determine what information users need related to revenue and expense transactions in the scope of the revenue and expense recognition project to make decisions or assess accountability
- Focus groups – to further discuss the types of information identified in the user survey as being needed

136

Technology Project

137

Voluntary Digital Financial Reporting

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Voluntary Digital Financial Reporting

What?

The GASB is developing one or more governmental digital taxonomies for GAAP financial reporting.

Why?

The taxonomies that may result from this effort could be used by governments on a voluntary basis to report their GAAP financial statements in digital formats.

When?

The Board added the technology project in December 2024.



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GASB GAAP Taxonomy Voluntary Digital Financial Reporting Project



Phase I

- Basic Financial Statements
- Required Supplementary Information



Phase II

- Supplementary Information

Basic Financial Statements:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

Required Supplementary Information:

- Pensions and OPEB Schedules
- Infrastructure Schedule
- Budgetary Schedules



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Other Research Activity

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GAAP Utilization

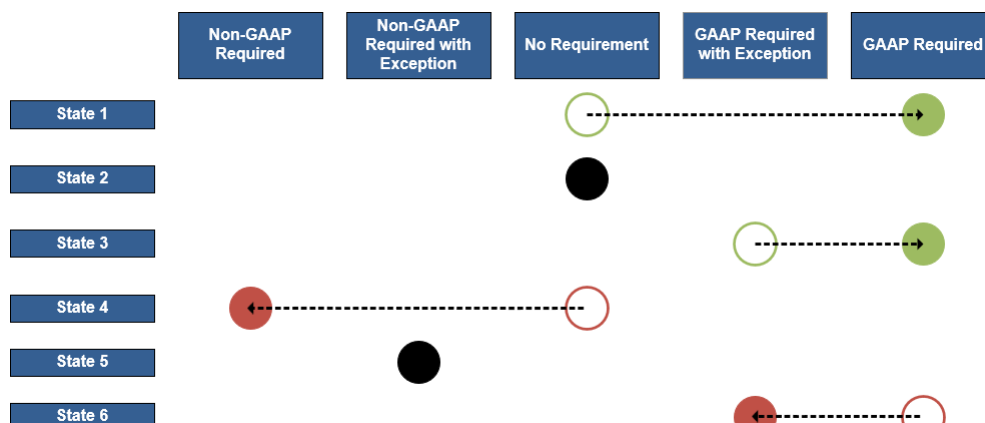
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GAAP Utilization



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State-Level Financial Reporting Requirements 2024 and Future



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Determinants of GAAP Choice

- GAAP Conformity (1, 0) = function of:
 - State requirements
 - Size of government (total revenue)
 - MSRB filer
 - FAC filer
 - Other control variables.
- Will be able to replicate periodically to determine shift in financial reporting framework choice.

145

Post-Implementation Review (PIR)

146

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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Why does the GASB conduct PIRs?

To provide general support to stakeholders when implementing significant new pronouncements

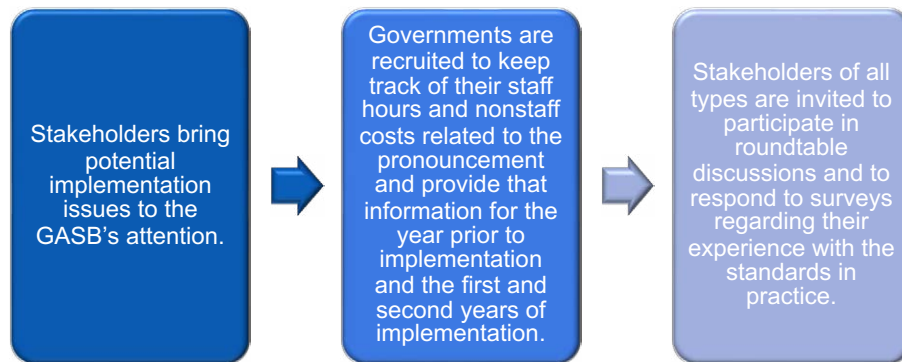
To identify and address practice issues that arise

To answer technical inquiries from stakeholders and develop and publish Q&A implementation guidance

To collect timely information that the Board can use to evaluate cost-benefit considerations as it develops other pronouncements and when it reexamines the standards in the future

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How does the GASB involve stakeholders in PIR?



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Which Statements Are under Review?

Statement 72—Fair Value Measurement and Reporting

Statement 75—Employer Reporting for Other
Postemployment Benefits (OPEB)

Statement 84—Fiduciary Activities

Statement 87—Leases

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What is the status of the PIRs?

Fair value	Summarizing research findings
OPEB	Archival data collection completed for year prior to implementation, implementation year, second year of implementation, and fifth year of implementation; Collection of implementation effort and cost information completed; Roundtables completed, and results have been summarized
Fiduciary activities	Collection of implementation effort and cost information completed
Leases	Collection of implementation effort and cost information and pre-implementation year reports has begun

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Questions?



Visit www.gasb.org

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Thank You



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11:50 a.m.–12:40 p.m.

GASB Statement No. 101: Compensated Absences, More Than Just a Sick Day

Eric Berman, CPA, CGMA
Eide Bailly LLP

[illegible]

GASB Statement No. 101: Compensated Absences – More than Just a Sick Day

Eric S. Berman, MSA, CPA, CGMA

Retired Partner – Eide Bailly, LLP

May 6, 2025 (11:50 AM - 12:40 PM)



1

Speaker

Eric S. Berman, MSA, CPA, CGMA

Eric is a nationally recognized speaker, author, thought leader and auditor with a wealth of government client experience. He brings a unique perspective to his clients as a former Deputy Comptroller of the Commonwealth of Massachusetts, a chief financial officer of a state agency and an audit partner with clients from a well-known stadium to statewide pension systems. Eric helps governmental entities understand and implement GASB standards. He is the author of CCH's Governmental GAAP Guide, Governmental Practice and Disclosures Manual and the Governmental GAAP Update Service.



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2

2

Agenda

Practical Implementation
Aspects of GASB-101



Potential Audit Focus Areas
for Compensated Absences

3



Practical Implementation Aspects of GASB- 101

4

4

Remember the Keys for Compensated Absences...



- Leave for which employees receive:
- Cash payments when leave is used for time off.
- Other cash payment when employed or terminated.
- Noncash settlement (conversion to OPEB).

5

5

Remember the Keys for Compensated Absences...



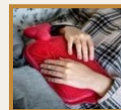
Accumulate

- Balance Carried Forward from prior period to current period.
- Settled in future period.



Attribute

- Liability related to services rendered by employee (earning).
- **Caution - NOT FUTURE SERVICES!**



Settlement

- Absence is *more likely than not* to be paid (>50%) (**old GAAP is probable!**).
- Recognize liability until paid (unless converted to OPEB).

6

6

The Exceptions – Leave That Is Sporadic

- Impacts small population, cannot be calculated with regularity.
- Includes:
 - Parental leave (**Paid**)
 - Jury Duty
 - Military leave
 - Unlimited leave
 - Unscheduled shutdowns (natural disasters etc.)
- Recognize when event has occurred.



7

7

Key - Measurement of Liability

1

Gather Accumulated Leave That Meets Recognition Criteria (unless MLTN through settled other means)

2

Multiply leave hours times **current pay rate at financial reporting date** *unless MLTN to be paid at a different rate at time payment is made (known raises) - **BUT BE CAREFUL!***

3

Add Salary Related Payments that are directly / incrementally related

- Social Security / Medicare
- Defined contribution pension / OPEB as leave earned

8

8

Doing the Math – Steps to Success

9

Step 1: Gather the Accumulated Leave

PAID time off (PTO):

Earned each month, carries over without limits at end of the fiscal year, unused leave is paid upon termination of employment:

Subject to GASB 101? **Yes, include all.**

PAID Sick leave: Earned each month, carries over without limits at the end of the fiscal year, unused leave is not paid upon termination of employment:

Subject to GASB 101? **Yes - recognize only the portion the portion likely to be used (adjust for forfeitures).**

PAID Parental leave: Available upon birth or adoption of a child, 320 hours (8 weeks):

Subject to GASB 101? **Yes - recognize the liability when the leave commences.**

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Step 2: Multiply by Pay Rate at Financial Statement Date

		As of 12/31/24					
Pay period that includes 12/31/24		Hours	Rate x Hours	Hours	Rate x Hours	Hours	Rate x Hours
Employee Name	Hourly Rate	PTO		Sick Leave		Parental Leave	
1 George Washington	16.81	42.69	717.45	8.00	134.47	-	-
2 Eleanor Roosevelt	15.68	38.67	606.34	20.00	313.59	-	-
3 Napoleon Bonaparte	19.23	13.33	256.42	24.00	461.54	-	-
4 Rosa Parks	19.80	149.01	2,950.33	6.50	128.69	-	-
5 Thomas Brady	21.00	138.34	2,905.22	9.00	189.00	160.00	3,360.00
6 Serena Williams	19.80	104.02	2,059.41	20.00	395.98	-	-
7 Muhammad Ali	20.00	56.00	1,120.06	20.00	400.00	-	-
8 Nelson Mandela	15.68	21.35	334.68	-	-	-	-
9 Winston Churchill	14.16	34.67	491.02	8.00	113.29	-	-
10 Viola Davis	19.80	149.33	2,956.66	20.00	395.98	-	-
			14,397.60		2,532.54		3,360.00
		Less Forfeitures:		20% historical forfeiture	(506.51)		
			14,397.60		2,026.03		3,360.00

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Step 3: Add Salary Related Payments

	PTO	Sick Leave	Parental Leave
Subtotals	14,397.60	2,026.03	3,360.00
Direct Social security (6.2%)	892.65	125.61	208.32
Direct Medicare (1.45%)	208.77	29.38	48.72
Incremental Defined Contribution Pension (7%) on leave used only (50%)	504.00	89.00	118.00
PTO	16,003.02	Sick Leave 2,270.02	Parental Leave 3,735.04
		Compensated Absences	22,008.08

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Remember - *Other Elements of GASB-101*



Leave sharing pools - **use estimated pay rate** of employees that participate.



Leave paid by noncash means *other than pension / OPEB conversions* - use amount more likely than not to be settled.

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So - What Is Changing from the Old Standards?

No more "vesting" accounting for sick leave.

Liability calculated differently for sick, but not much different for other forms of leave.

Leave liability recognition

- **Unused leave (see following)**
- Leave that has been used, but not paid or settled

Notes to the Basic Financial Statements



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FAQs

What about "use it or lose it?"

- Since no accumulation, no recognition until MLTN to be used.

What about indefinite carryforward of leave (aka Golden Handcuffs)?

- Must be accrued as paid at termination – use existing policy at reporting date to calculate.

Which Pay Rate Should I use?

- Use the pay rate in effect AS OF GOVERNMENT'S YEAR END (not W-2 Year)!

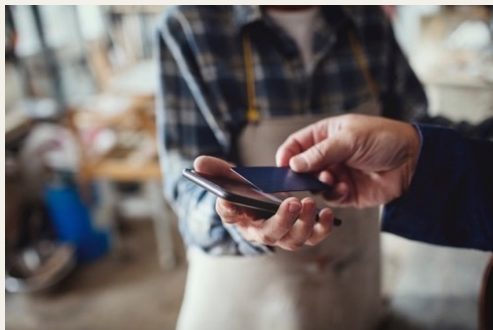
What about unlimited PTO?

- Recognize at current rate when used.

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Question in GASB Implementation Guide Exposure Draft – Reminder!



- **GASB-101**

- **Important** – Most frequently asked question – if future pay rate known use that rate??
- **NO!**
 - Even if a percentage of former pay rate increase or set dollar amount, do NOT use in the measurement of the liability for leave that is more likely than not to be paid at the future pay rate.
 - Recognize in period of change

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Cheat Sheet for You

When to Recognize Unused Leave Liability and Salary Related Payments for Compensated Absences?	... For Which Types of Leave?
When the leave is EARNED (Accumulates for services already rendered)	If more likely than not to be paid unless settled to a pension / OPEB plan
Do NOT recognize	Leave settled to a pension / OPEB plan.
When leave starts	Military leave, jury duty, FMLA but not sick or unrestricted sabbatical leave.
When leave is taken	Unlimited leave and holidays (even if holidays float).

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Notes to the Basic Financial Statements

- GASB is providing relief (well... almost).
- Disclose:
 - Beginning and ending balances.
 - Annual change – **your choice**:
 - Separate increases / decreases; or
 - Net amount, if it is noted as net.
 - Portion due within one year.
- No need to disclose which governmental fund will pay liability.



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Draft GFOA Disclosure – SSAP

3. *Compensated absences*

The NAME OF GOVERNMENT recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The NAME OF GOVERNMENT's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The NAME OF GOVERNMENT's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the NAME OF GOVERNMENT and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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Draft GFOA Disclosure – Long- Term Liabilities

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	-	(10,354)	(1,035)	(9,319)	-
Total bonds payable	77,994,507	10,749,560	11,030,508	77,713,559	4,356,166
Private Placement Notes	-	2,000,000	-	2,000,000	200,000
Pension related liability	5,437,453	-	697,896	4,739,557	693,113
Lease liability	644,165	57,517	652,095	49,587	10,657
Subscription liability	-	42,105	-	42,105	13,568
Compensated absences *	4,864,074	1,044,692	-	5,908,766	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	1,341,542
Net OPEB liability	40,149,157	24,142,568	25,537,670	38,754,055	-
Total governmental activities	\$ 180,898,807	\$ 52,574,834	\$ 51,809,306	\$ 181,664,335	\$ 9,418,922

* - The change in compensated absences above is a net change for the year.

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Keys to Success in Implementing GASB-101

1. Gather existing policies and procedures relating to compensated absences
2. Align policies and procedures to current contracts, laws, regulations, ordinances
3. Fill data gaps to make key decisions
 - More likely than not policy determination
 - Rate of pay for sick leave pools



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Keys to Success in Implementing GASB-101

1. For large employee bases, *consider* (not required) for year of implementation
 - Actuary
 - Data analytics contractor or
 - Both
2. Document exceptions
3. Recognize liability
4. Draft note disclosure



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Summary of GASB-101 You Can Use

GASB-101 changes liability recognition that has been in place for over 30 years

Requires liability for

- Leave that has not been used *and*
- Leave that has been used, but not yet paid in cash or settled through noncash means (such as credit to DB plans)

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Summary of GASB-101 You Can Use

Leave liability results from:

- Services rendered to date of fiscal year end
- Leave that accumulates, and
- More likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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Summary of GASB-101 You Can Use

- GASB-101 includes guidance for sporadic leave (PAID FMLA, Military, Jury Duty)
- Each employee's pay rate used for calculations is as of the fiscal year end. Include salary - related payments.
- Note disclosure is changing!

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Potential Audit Focus Areas for GASB-101



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Potential Audit Focus Areas – Understanding Transaction Controls

- Risk areas on payroll **should not change** due to GASB-101
 - Master payroll files should have:
 - Valid new employees / changes / terminations
 - Completeness
 - Time reporting
 - Accuracy / valuation (important for grants / cost allocation)
 - Cutoff (correct periodicity)

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Potential Audit Focus Areas – Understanding Transaction Controls

- Potential Key Controls for Compensated Absences
 - Liabilities are recorded only for time worked / payroll earned and compensated absences
 - All time worked / payroll earned and compensated absences are recorded
 - Hourly payroll / earnings are accurate – **accruals are at proper rates of pay at period end**
 - Time recorded is classified properly in the GL / Funds
 - Time taken for all employees is in the right period



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Potential Audit Focus Areas – Understanding Transaction Controls

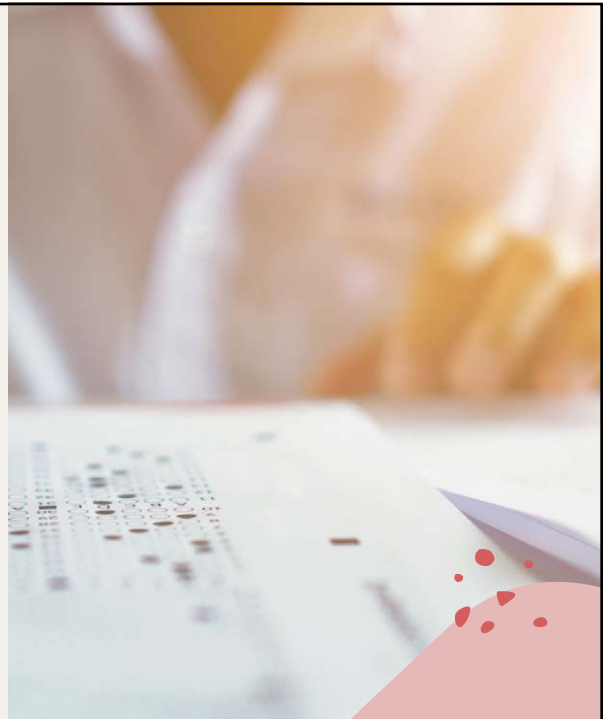
- Compensated absences are
 - Valid
 - In accordance with policies / procedures / collective bargaining agreements and GASB-101
- Employee withholdings are authorized and recorded
- Contributions to postemployment plans are proper / authorized with accruals recorded



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Potential Tests of Transactions – Focus on the Accruals!

- **If analytical procedures not performed / insufficient, by type of leave that are material to the overall Basic Financial Statements, opinion unit, or to address specific risks:**
 - Examine policies, procedures, contracts, other documentation
 - Consider sampling of employees and test calculation / hours / rates
 - Recompute compensated absence liability
 - Evaluate reasonableness of accrual **as of the date of the Basic Financial Statements**



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Evaluate Notes to the Basic Financial Statements

- **REMINDER** - Review Change in Accounting Principles Disclosure! (GASB-100)
 - Remember impact on MD&A, RSI (if any), SI, Statistical Section (for ACFRs)
- Within Long-Term Debt note to the Basic Financial Statements:
 - Financial and other information should be appropriately presented, classified, with proper amounts
 - **REMINDER** - can do:
 - Separate increases and decreases OR
 - Net increase or net decrease (with indication number is net)

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Questions???

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Thank You!

Eric S. Berman, MCA, CPA, CGMA

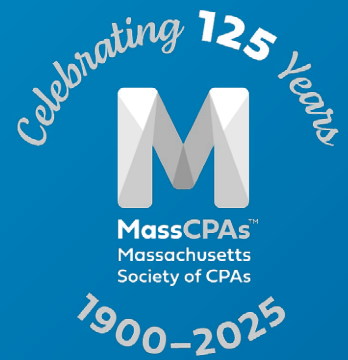
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