

GASB statement no. 104

Disclosure of Certain Capital Assets

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

WICPA School District Conference – May, 2026



GASB 104 – Disclosure of Certain Capital Assets

<p>Effective for:</p> <hr/> <p>June 30, 2026</p> <hr/> <p>September 30, 2026</p> <hr/> <p>December 31, 2026</p> <hr/> <p>April 30, 2027</p> <hr/>	<p><small>September 2024</small></p> <p>Governmental Accounting Standards Series</p> <hr/> <p>Statement No. 104 of the Governmental Accounting Standards Board</p> <p>Disclosure of Certain Capital Assets</p> <p>GASB <small>GOVERNMENTAL ACCOUNTING STANDARDS BOARD</small></p>
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What changes?

Within the capital asset footnote...

1. Additional details or disaggregation for intangible assets
2. New narrative disclosures for assets held for sale



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“Roll-Forward” Disclosure

- Separate disclosure of tangible and intangible capital assets
- Must separately disclose
 1. **Lease assets**, by major class of underlying capital asset
 2. **Public-private or public-public partnership (PPP) operator intangible right-to-use assets**, by major class of underlying capital asset
 3. **Subscription-based IT assets (SBITAS)**
 4. **All other intangible assets**, other than 1-3, by major class
 - Other right-to-use assets should *not* be included with owned intangibles

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“Roll-Forward” Example

	Beginning	Additions	Reductions	Ending
Assets not being depreciated/amortized				
Land	\$ 500	\$ -	\$ -	\$ 500
Construction work in progress	5,000	8,000	(10,000)	3,000
Subtotal	5,500	8,000	(10,000)	3,500
Assets being depreciated/amortized				
Buildings	1,000	-	-	1,000
Machinery and equipment	750	250	(150)	850
Infrastructure	15,000	10,000	(3,000)	22,000
Intangible assets				
Right to use leased assets				
Buildings	250	200	(150)	300
Machinery and equipment	150	50	(40)	160
PPP				
Buildings	300	-	-	300
Infrastructure	2,000	-	-	2,000
SBITAs	150	100	-	250
Other intangibles	50	50	-	100
Subtotal	19,650	10,650	(3,340)	26,960
Total Capital Assets	\$ 25,150	\$ 18,650	\$ (13,340)	\$ 30,460

Similar detail would be presented for Accumulated depreciation/amortization

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Capital Assets Held for Sale

- Held for sale criteria
 - The government has decided to pursue the sale of the asset, and
 - It is probable (likely to occur) that the sale will be finalized within **one year** of the **financial statement date**
- Evaluate held for sale each reporting period
- Continue to report capital assets held for sale within the appropriate major class of capital asset (buildings, equipment) in roll-forward disclosure

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Capital Assets Held for Sale

- Factors to *consider* to help determine if sale will be finalized within one year
 - Whether the asset is available for sale in its present condition
 - Whether the government is actively seeking a buyer, such as by putting the asset out for bid
 - Market conditions for selling the type of asset
 - Whether approval is needed from regulators

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Capital Assets Held for Sale

New disclosure for capital assets held for sale -separately disclose by major class of asset:

- Historical cost,
- Accumulated depreciation, and
- If applicable -the carrying amount of debt for which the assets held for sale are pledged as collateral

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“Held For Sale” Example Disclosure

As of June 30, 20X4, the Government has capital assets included in machinery and equipment with a historical cost of \$1,238,565 and accumulated depreciation of \$132,147 that is being held for sale. The Government intends to sell these capital assets within the next fiscal year. These capital assets were also pledged as collateral for the Government’s 20X0 debt certificates which has \$952,000 in outstanding principal as of June 30, 20X4.

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Implementation Guidance

GASB 104 must be implemented in accordance with GASB statement No. 100, *Accounting Changes and Error Corrections*. Key implementation steps include:

- **Disclosure of implementation:** Governments must disclose that GASB 104 has been adopted and identify affected financial statement line items, if any (excluding totals and subtotals).
- **Restatement of beginning balances:** The beginning balance column of the capital asset roll-forward note must be restated in both the current and prior year of comparative statements and two years are presented).

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Implementation Guidance - Continued

- **Comparative statements:** If prior year assets held for sale were reported but did not meet GASB 304 criteria, restatement is required.
- **Disclosure of prior year data:** Historical cost, accumulated depreciation and debt collateral information must be disclosed for prior year assets held for sale.
- **Practicality clause:** If restatement is not practicable, governments must disclose the reasons why in the notes.

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Next Steps

- Identify changes needed to footnotes
- Determine if information is readily available
- Consider reporting software used and any linkage to underlying systems
- Prepare to recast prior year data in comparative reports

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GASB statement no. 105

Subsequent Events

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

WICPA School District Conference – May, 2026

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GASB 105 – Subsequent Events

Effective
for:

June 30, 2027

September 30, 2027

December 31, 2027

April 30, 2028

December 2025
**Governmental
Accounting Standards Series**

Statement No. 105 of the
Governmental Accounting
Standards Board

Subsequent Events

GASB
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

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Key impacts

- Clarifies the subsequent event time frame
- Differentiates recognized and non-recognized events
- Provides specific requirements to be included in the disclosure
- Requires the date through which subsequent events have been evaluated to be disclosed

Existing guidance in GASB no. 56 was from FASB so this effort is to provide clarity and government specific consideration.

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Definition

Subsequent events:

“Transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued (the subsequent event time frame).”

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Subsequent event timeframe dates

Date of the financial statements = year end

Date the financial statements are available to be issued = the date at which (a) the financial statements are complete in a form and format that complies with generally accepted accounting principles (GAAP) and (b) approvals necessary for issuance have been obtained

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Recognized vs. Non-recognized events

Recognized Events

- Evidence of conditions that existed at the financial statement date
- Inform accounting estimates reported in the financial statements
- Require consideration and evaluation of impact on amounts reported in the financial statements

Non-recognized Events

- Has significant impact in the period in which it occurs but should be disclosed in the prior period
- Identified items:
 - Debt related transactions
 - Combinations or disposal of operations
 - Change to the entities that compose the reporting entity
 - Other items that would be essential for user's analysis

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Disclosure requirements

- The date through which subsequent events have been evaluated should be disclosed (explicitly)

Non-Recognized Events

- Description of the event
- Effect of the event
- Estimate of the amount of the effect, or a reason why an estimate cannot be made

Disclosures should specify the related reporting units and avoid duplication of multiple reporting units are impacted by the same event.

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Disclosure requirements

If presenting comparative financial statements...

The prior year non-recognized event would be recognized in the current period and included in the statements therefore that disclosure does not need to be replicated in the current year (basis for conclusions B22)

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Example disclosure

The District has evaluated subsequent events through December 12, 2027, the date the financial statements are available to be issued. The District is not aware of any material subsequent events.

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Going Concern Uncertainties & Severe Financial Stress

- ❖ Defines potential dissolution and severe financial stress.
- ❖ Provides guidance for when each should be disclosed and what disclosures should be included.
- ❖ Will require forward looking assessments within defined time periods.

Status: Ongoing deliberations of feedback from preliminary views

Next step: Exposure draft expected in Q2 of 2027

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Implementation Guidance Update – 2026

- ❖ Primarily addresses questions on the implementation of GASB No. 103 specific to health care, higher education and airport operations.

Status: Comments on exposure draft were due April 27th

Next step: Watch for final issuance in late 2026

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Infrastructure Assets

Key changes include:

- ❖ Separating components of infrastructure with “significant” cost and “substantial” different lives
- ❖ Periodic evaluation of estimated lives and salvage value, with changes to be made retroactively
- ❖ Requirement to disclose, by network of infrastructure assets, the historical cost, accumulated depreciation and historical-cost weighted-average age of infrastructure that is over 80% of its useful life and over 100% of its useful life (separately).

Status: Exposure draft issued with comments due by June 26, 2026

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Revenue & Expense Recognition

- ❖ Comprehensive, principles-based model for the categorization, recognition and measurement of revenues and expenses.
- ❖ Several tentative decisions have been made to date.
- ❖ Initial invitation to comment was in 2018 and preliminary views was issued in 2020.

Next Step: Exposure draft anticipated in Q1 2027

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GASB statement no. 103

Financial Reporting Model Improvements

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

WICPA School District Conference – May, 2026

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GASB 103 – Financial Reporting Improvements

Effective
for:

June 30, 2026

September 30, 2026

December 31, 2026

April 30, 2027

April 2024
**Governmental
Accounting Standards Series**

Statement No. 103 of the
Governmental Accounting
Standards Board

**Financial Reporting Model
Improvements**

GASB
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

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Overview

New or modified requirements for the following:

- Management's discussion and analysis
- Unusual or infrequent items
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position
- Information about major component units in basic financial statements
- Budgetary comparison information
- Financial trends information in the statistical section

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MD&A: Five required areas

- Overview of statements
- Summary statements
- Detailed analysis of information
 - Reasons for changes in balances
 - Reference prior discussions rather than repeating same reason
 - Moved budget to actual discussions to RSI
- Significant capital asset and debt activities – includes leases, SBITAs and PPPs
- Currently known facts, decisions or conditions that will result in significant differences from current balances

Goals of GASB

- Reduce boilerplate information
- Concentrate analysis on explanations or the “why” not the amount or percentage change
- Eliminate unnecessary duplication

D1

What's Included in MD&A?

MD&A Requirements under GASB 103	Prior (GASB 34) MD&A Requirements
1. Overview of the financial statements	Discussion of the basic financial statements
2. Financial summary	Condensed financial information
3. Detailed analyses	Analysis of the government's overall financial position and results of operations Analysis of the balances and transactions of individual funds
Combined	
4. Significant capital asset and long-term financing activity	Description of capital asset and long-term debt activity
5. Currently known facts, decisions, or conditions	Currently known facts, decisions or conditions of future significance
No longer included in MD&A (moved to notes to RSI other than MD&A)	Analysis of budgetary variations
	Discussion of infrastructure accounted for using the modified approach

Slide 34

JD1 Might be good to note (a) that the overview of the FS should avoid excess boilerplate language and (b) the specific required items (i.e. assets current/long-term/total, etc.) didn't change

Dobson, Jodi, 2026-04-15T13:23:47.465

AM1 0 Added slide 4 to address boilerplate language

Mboga, Amanda, 2026-04-24T02:57:06.030

AM1 1 Added a reminder to the speaker notes to talk about how the specific required items didn't change

Mboga, Amanda, 2026-04-24T02:59:16.262

WU1 2 Think this is good

Unger, Wendi, 2026-04-24T13:38:24.276

MD&A – Detailed Analysis

Primary Government

- Governmental Activities
- Business-type Activities
- **Emphasis on the “why”**
 - Why the government’s financial position and results of operations changed from one year to the next
 - Analysis is supported by the required financial summary

Each Major Fund

- Major governmental funds
- Major enterprise funds
- Avoiding unnecessary repetition
 - Leverage information provided in primary government analysis to describe activity and changes in major funds

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How to approach the Detailed Analysis

1

Start with reviewing the (major) fund level activity and balances

2

Link fund results to the activities columns in primary government

3

Emphasize the corresponding changes

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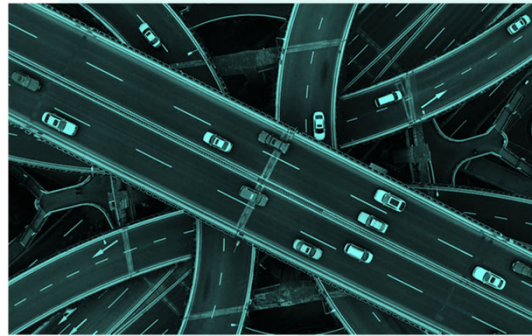
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MD&A – Significant capital asset and long-term financing activity

Significant

Financings

Do not duplicate the note disclosures



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MD&A – Description of Currently Known Facts, Decisions or Conditions

- Description of currently known facts, decisions or conditions that are expected to
 - Have a significant effect on financial position, or
 - Produce significant differences from current period results of operations
- Section should include (but not be limited to)
 - Discussions of economic and demographic changes
 - Factors used to develop the next year's budget
 - Expected changes in budgetary net position or budgetary fund balance
 - Actions that will affect the government in future periods that
 - Were taken by the government regarding long-term financing
 - Were taken by other parties (new laws and regulations)

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Management's Discussion and Analysis

Considerations:

- Think about the readers – elected officials, student families / citizens, bond holders
- Ask yourself why did the change occur – does your description answer the question
- Engage a reviewer from outside of finance
- Use charts and graphs were appropriate to help tell the story
- Start early – don't wait for this to be the last thing you do

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Management's Discussion and Analysis

Let's practice! What issue do you see with the following excerpt?

Governmental Activities

Revenues for the District's governmental activities were \$226.4 million for fiscal year 2026, representing an increase of \$66.0 million or 41.2% over fiscal year 2025.

The District's expenses for governmental activities increased by \$15.2 million or 9.9%.

Governmental activities expenses exceeded program revenues by \$79.4 million. When general revenues (which include such items as property taxes, investment earnings and grants and contributions not restricted to specific programs) are included, total revenues exceed expenses by \$54.3 million.

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Slide 40

JD1 This is set for a county - can this be reworded to be for a school or doesn't that matter?

Dobson, Jodi, 2026-04-15T13:24:51.455

AM1 0 I can update these if we would prefer school-specific examples?
It wouldn't take long - I can go back to the client I originally pulled these from and just change some descriptions.

Mboga, Amanda, 2026-04-24T02:59:42.201

WU1 1 Please update

Unger, Wendi, 2026-04-24T13:38:50.476

Management's Discussion and Analysis

Let's practice! What issue do you see with the following excerpt?

Budgetary Highlights

The School Board may amend/revise the District's budget. These revisions fall into one of three categories: new information regarding original budget estimates, greater than anticipated revenues or costs, and final agreements reached on employee contracts.

In the General Fund, actual revenues and other financing sources were \$1,934,768 over budget. Actual expenditures and other financing uses were \$261,093 over budget. Revenues are over budget primarily due to an increase in investment income.

The Special Education Special Revenue Fund experienced a significant budget variance due primarily to the timing of certain projects and related grant revenue.

Management's Discussion and Analysis

Let's practice! What issue do you see with the following excerpt?

Capital Asset and Debt Administration

Capital Assets






The District's investment in capital assets as of June 30, 2026, amounts to \$75,212,213 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, buildings, and equipment.

Example District's Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2026	2025
Land	\$ 6,543,588	\$ 6,543,588
Construction in progress	22,361,435	2,154,782
Building and improvements	42,495,754	42,265,598
Land improvements	98,626	99,264
Machinery, furniture and equipment	3,712,810	3,625,542
	<u>\$ 75,212,213</u>	<u>\$ 54,688,774</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

Suggestions for successful implementation

-  Use charts or graphs to tell the story of what changed, use narrative to explain why.
-  Consider the audit opinion date (or near to it) when thinking about “currently known facts”
-  Governing body meeting minutes can help with significant projects, events, changes to be discussed or included
-  Identify a non-finance team member to review and provide feedback
-  If doing an ACFR, remember MD&A should *complement* the transmittal letter or statistical section not duplicate it

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Unusual or Infrequent

Unusual or Infrequent replaces *Extraordinary or Special*

Extraordinary and special items (old guidance) used the criteria of unusual or infrequent but added a layer of complexity that resulted in inconsistencies in financial reporting.

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Unusual or Infrequent

Unusual nature – underlying event possesses a high degree of abnormality and of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity, taking into account the environment in which the entity operates.

Infrequency of occurrence – underlying event is of a type that would not be expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

Definitions from GASB 62, par. 46

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Unusual or Infrequent Items (cont.)

Why are these important to identify?



Call attention to significant one-time events from normal, continuing operations



Improves trend analysis and comparisons of revenues and expenses/expenditures



Excluded from major fund determination threshold calculations

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Unusual or Infrequent Items

- Display inflows and outflows for each unusual or infrequent item separately
- Displayed as last items before net change in resource flows
- Notes should disclose:
 - The program, function or identifiable activity to which each is related
 - If the event was within the control of management

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Unusual or Infrequent Items (cont.)

- Display requirements in the Financial Statements
 - Inflows and outflows for unusual or infrequent items should be reported gross, not netted
 - Inflow – Disaster recovery grant revenue received because of a natural disaster that qualifies as an unusual or infrequent item
 - Outflow – Impairment loss from damage caused by the same natural disaster

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Unusual or Infrequent Items (cont.)

Proprietary Funds

Operating revenues (detailed)
 Total operating revenues
Operating expenses (detailed)
 Total operating expenses
 Operating income (loss)
Noncapital subsidies (detailed)
 Total noncapital subsidies
 Operating income (loss) and noncapital subsidies
Other nonoperating revenues and expenses (detailed)
 Total other nonoperating revenues and expenses
 Income (loss) before unusual or infrequent items
Unusual or infrequent items (detailed)
 Increase (decrease) in fund net position
Fund net position—beginning of period
Fund net position—end of period

Governmental funds

Revenues (detailed)
 Expenditures (detailed)
 Excess (deficiency) of revenues over expenditures
 Other financing sources and uses, including transfers (detailed)
Unusual or infrequent items (detailed)
 Net change in fund balances
 Fund balances—beginning of period
 Fund balances—end of period

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Unusual or Infrequent Items (cont.)

- For each unusual or infrequent item, disclose in the notes to the financial statements
 - The related program, function or activity
 - Whether the item was in management's control
- Sample Note Disclosure from GASB 103

Sample Water District experienced a flood during March of 20X5 that was a catastrophic event outside the control of management. The Water District incurred expenses to clean up flood damage in the amount of \$10 million attributable to the water operations and wastewater operations functions in the amounts of \$8.35 million and \$1.65 million, respectively. Sample Water District also received \$2.5 million in grants from the State to assist with the cleanup effort.

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Sample presentation

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 46,059	\$ 22,500	\$ -	\$ -	\$ (23,559)	\$ (23,559)	
Public safety	205,416	8,888	31,395	-	(185,333)	(185,333)	
Public works	71,206	2,948	-	8,854	(56,796)	(56,796)	
Culture and recreation	25,631	2,868	-	-	(22,763)	(22,763)	
Social and economic development	79,701	8,297	6,768	22,321	(42,315)	(42,315)	
Interest on long-term debt	25,556	-	-	-	(25,556)	(25,556)	
Total governmental activities	463,681	45,301	38,163	30,885	(339,332)	(339,332)	
Business-type activities:							
Public utility	42,837	41,003	-	2,638	-	1,254	1,254
Transit authority	25,826	18,636	-	-	-	(7,190)	(7,190)
Coff courses	8,395	2,561	-	-	-	(5,835)	(5,835)
Total business-type activities	77,058	62,200	-	2,638	-	(11,771)	(11,771)
Total primary government	\$ 540,739	\$ 107,501	\$ 38,163	\$ 33,523	(339,332)	(11,771)	(351,103)
Total component units	\$ 111,018	\$ 72,091	\$ 16,003	\$ 12,902			\$ (8,622)
General revenues:							
Taxes:							
Sales taxes				279,567	-	279,567	6,340
Property taxes				78,930	-	78,930	3,153
Franchise taxes				23,122	-	23,122	-
Use taxes				41,008	-	41,008	-
Hotel/motel taxes				7,870	-	7,870	-
Special assessment tax				2,880	-	2,880	-
Payments in lieu of taxes				16,807	-	16,807	-
Intergovernmental revenue				9,324	-	9,324	-
Investment earnings				20,607	1,674	22,281	3,034
Miscellaneous				3,195	420	3,615	-
Transfers				(18,096)	-	18,996	-
Unusual or infrequent item—flood damage:							
Grant revenues				2,500	-	2,500	-
Cleanup				(10,000)	-	(10,000)	-
Total general revenues, transfers, and unusual or infrequent item				456,006	21,000	478,006	12,527
Change in net position				117,664	6,219	126,883	3,905
Net position—beginning of period				1,616,147	539,077	2,155,224	395,568
Net position—end of period				\$ 1,733,811	\$ 545,296	\$ 2,282,107	\$ 399,473

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



Sample presentation

Sample City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the Year Ended June 30, 20X5
(amounts expressed in thousands)

REVENUES	General Fund	Public Safety and Transportation Special Revenue Fund	Debt Service Fund	Infrastructure Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Taxes:						
Sales tax	\$ 104,142	\$ 51,442	\$ -	\$ 123,983	\$ -	\$ 279,567
Property tax	-	-	78,930	-	-	78,930
Franchise tax	22,706	-	-	-	416	23,122
Use tax	34,880	-	-	6,188	-	41,068
Hotel/motel tax	157	-	-	7,713	-	7,870
Special assessment tax	-	-	-	-	2,739	2,739
Payments in lieu of taxes	16,737	-	-	-	-	16,737
Intergovernmental	1,597	30,337	-	-	18,654	50,588
Charges for services	13,905	6,848	-	-	13,042	33,795
Licenses, permits, and fees	3,632	-	-	-	-	3,632
Fines and forfeitures	7,853	-	-	-	121	7,974
Investment earnings	6,792	2,265	-	11,028	326	20,445
Miscellaneous	2,675	-	46	128	273	2,622
Total revenues	212,376	90,622	78,976	141,537	43,293	667,884
EXPENDITURES						
Current:						
General government	28,297	15,083	-	2,188	69	46,414
Public safety	129,770	65,452	-	6,067	15,652	209,841
Public works	1,882	18,934	-	2,446	173	21,435
Culture and recreation	21,254	-	-	38	-	21,330
Social and economic development	11,614	-	-	-	13,787	25,401
Debt service:						
Principal	1,202	-	84,214	6,742	-	84,218
Interest and other charges	54	-	22,221	6,029	-	28,304
Capital outlay	1,103	-	-	151,907	6,103	159,044
Total expenditures	196,136	84,469	76,435	177,325	35,452	679,887
Excess (deficiency) of revenues over expenditures	17,240	6,153	2,541	(35,088)	7,841	(8,003)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	30,649	119,681	-	150,330
Premium on debt issued	-	-	1,600	6,246	-	7,846
Payment to bond refunding escrow agent	-	-	(32,230)	-	-	(32,230)
Proceeds from the sale of capital assets	275	-	-	-	-	275
Transfers in	2,630	-	-	192	1,303	4,125
Transfers out	(692)	-	-	(18,294)	(5,680)	(24,666)
Total other financing sources (uses)	2,243	-	19	107,625	(4,377)	105,513
UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE						
Grant revenues	2,500	-	-	-	-	2,500
Cleanup	(10,000)	-	-	-	-	(10,000)
Total unusual or infrequent item	(7,500)	-	-	-	-	(7,500)
Net change in fund balances	11,983	453	2,560	71,760	3,454	90,210
Fund balances—beginning of period	56,002	4,964	68,730	548,650	14,879	688,125
Fund balances—end of period	\$ 67,985	\$ 5,417	\$ 71,290	\$ 620,410	\$ 18,333	\$ 778,435

See Exhibit 19 for a breakdown of the revenue funding statement of nonmajor funds.



Superseded Implementation Guidance



If significant, items to consider, as extraordinary or special, under conditions specific to the government entity:

- Natural disasters
- Impairment loss, can be presented net
- Sale of a capital asset
- Significant forgiveness of debt
- Termination benefits resulting from workforce reductions
- Gains or losses on the disposal of government operations
- Costs related to an environmental disaster
- A large bequest to a small government by a private citizen

DELETED

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Proprietary fund statement of revenues, expenses and changes in fund net position - definitions



Non-operating

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



Operating

- All items that don't meet the definition of non-operating (to left), as long as they are not unusual or infrequent items

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Proprietary fund statement of revenues, expenses and changes in fund net position - definitions

What is a subsidy?



Subsidies

- Resources received from another party or fund which are non-exchange and that directly or indirectly keep the current or future fees/charges of the proprietary fund lower than they otherwise would be
- Resources provided to another party or fund which are non-exchange and are recoverable through the current or future rates/charges of the proprietary fund
- All other transfers

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

Note -

If a proprietary fund's primary purpose includes an activity that is defined as nonoperating it would be operating activity for that fund.

Example – a fund created for the purpose of making loans would report interest income as operating.

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Proprietary Fund Statements

Example from GASB 103, Appendix C, Exhibit 8

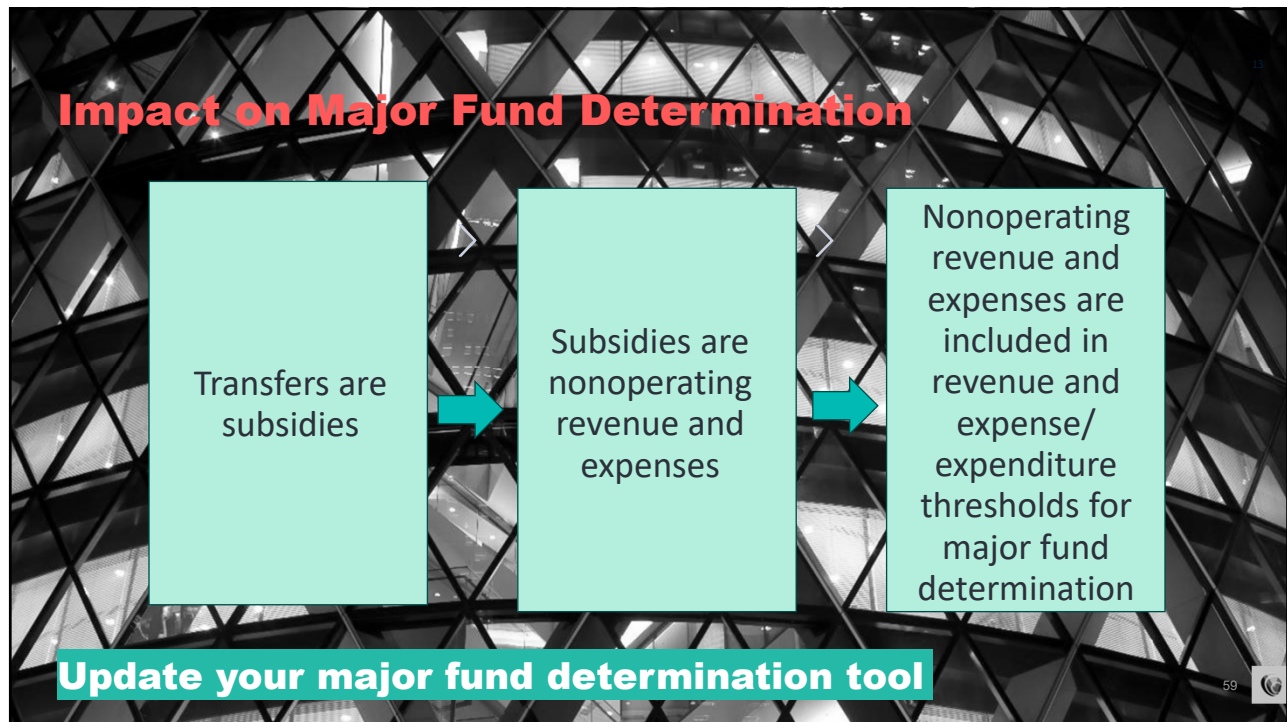
Sample City
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
for the Year Ended June 30, 20X3
(amounts expressed in thousands)

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

	Enterprise Funds			Total	Internal Service Funds
	Public Utility	Transit Authority	Golf Courses		
OPERATING REVENUES					
Charges for service	\$ 41,003	\$ 18,636	\$ 2,561	\$ 62,200	\$ 42,523
Miscellaneous	283	33	104	420	78
Total operating revenues	41,286	18,669	2,665	62,620	42,601
OPERATING EXPENSES					
Personnel services	13,991	-	-	13,991	5,796
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	1,087	-	166	1,253	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	-	-	-	-	831
Transfers in	(1,980)	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)
OTHER NONOPERATING REVENUES (EXPENSES)					
Investment earnings	1,496	75	103	1,674	446
Gain from the sale of capital assets	(1,910)	(448)	(963)	(3,321)	3
Interest expense	2,938	-	-	2,938	-
Capital contributions	1,032	15,360	2,384	18,776	1,215
Transfers in - restricted for capital assets	3,556	14,987	1,524	20,067	1,664
Total other nonoperating revenue (expenses)	2,085	10,368	(3,134)	9,319	906
Increase (decrease) in fund net position	331,657	177,997	29,423	539,077	12,387
Fund net position—beginning of period	\$ 333,742	\$ 188,365	\$ 26,282	\$ 548,389	\$ 13,293
Fund net position—end of period					


Comparison of Pre/Post GASB 103

City Government Statement of Revenues, Expenditures, and Changes In Fund Net Position Proprietary Funds For the Year Ended June 30, 2026				City Government Statement of Revenues, Expenditures, and Changes In Fund Net Position Proprietary Funds For the Year Ended June 30, 2026			
	Water and Sewer	Transit Authority	Total		Water and Sewer	Transit Authority	Total
Operating Revenues							
Charges for service	41,003	18,636	59,639	Charges for service	41,003	18,636	59,639
Miscellaneous	283	33	316	Miscellaneous	283	33	316
Total Operating Revenues	41,286	18,669	59,955	Total Operating Revenues	41,286	18,669	59,955
Operating Expenses							
Personal services	13,991	-	13,991	Personal services	13,991	-	13,991
Contractual services	13,952	16,406	30,358	Contractual services	13,952	16,406	30,358
Depreciation	11,767	8,971	20,738	Depreciation	11,767	8,971	20,738
Total Operating Expenses	39,710	25,377	65,087	Total Operating Expenses	39,710	25,377	65,087
Operating income (loss)	1,576	(6,708)	(5,132)	Operating income (loss)	1,576	(6,708)	(5,132)
Nonoperating revenues (expenses)							
Investment earnings	1,496	75	1,571	Investment earnings	1,496	75	1,571
Interest expense	(1,910)	(448)	(2,358)	Interest expense	(1,910)	(448)	(2,358)
Total nonoperating revenue (expenses)	(414)	(373)	(787)	Total nonoperating revenue (expenses)	(414)	(373)	(787)
Income (loss) before contributions and transfers	1,162	(7,081)	(5,919)	Income (loss) before contributions and transfers	1,162	(7,081)	(5,919)
Capital contributions	2,938	-	2,938	Capital contributions	2,938	-	2,938
Transfers in	1,032	17,450	18,482	Transfers in	1,032	17,450	18,482
Transfers out	(1,980)	-	(1,980)	Transfers out	(1,980)	-	(1,980)
Change in net position	3,152	10,369	13,521	Change in net position	3,152	10,369	13,521
Total Net Position, Beginning	331,657	177,997	509,654	Total Net Position, Beginning	331,657	177,997	509,654
Total Net Position, Ending	\$ 334,809	\$ 188,366	\$ 523,175	Total Net Position, Ending	\$ 334,809	\$ 188,366	\$ 523,175




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Major Component Units



Each major component unit should be presented separately in the reporting entity's statements of net position and activities, unless it reduces the readability of the statements.



If it reduces readability, combining statements of major component units should be included in the basic financial statements after the fund financial statements. *

* Including condensed CU statements in the notes does not meet this requirement.

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Budgetary Comparison Information

Budgetary comparison schedules should be presented as Required Supplementary Information (RSI) for the **general fund** and **each major special revenue fund** that has a legally adopted annual budget, including:

- Original and final budgeted amounts
- Variances between the above two
- Actual results
- Variances between final budget and actual results
- Explanations of significant variations between original and final budgets and between final budget and actual amounts should be included in the notes to the RSI.

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Budget comparison information - changes

Removed the option to include as a basic statement - now all should be in RSI

Requirement for the additional variance columns in the RSI schedules (may not have previously been presented)

Requirement to include explanations of significant variances in the notes to the RSI

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Budgetary Comparison Schedule

Example from GASB 103,
Appendix C, Exhibit 16

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

	Budgeted Amounts		Variance with Original Budget— over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget— over (under) Actual Amounts
	Original	Final			
BUDGETARY REVENUES					
Taxes	\$ 49,825	\$ 49,825	\$ -	\$ 51,442	\$ 1,617
Intergovernmental	29,750	29,750	-	30,337	587
Charges for services	6,720	6,720	-	6,848	128
Investment earnings	1,900	1,900	-	2,295	395
Total budgetary revenues	88,195	88,195	-	90,922	2,727
BUDGETARY EXPENDITURES					
Current:					
General government	13,665	15,305	1,640	15,083	(222)
Public safety	58,000	58,250	250	58,452	202
Public works	16,265	16,645	680	16,934	(11)
Total budgetary expenditures	87,930	90,500	2,570	90,469	(31)
Net change in fund balances	65	(2,305)	2,570	453	2,758
Budgetary fund balance—beginning of period	4,024	4,024	-	4,024	-
Budgetary fund balance—end of period	\$ 4,289	\$ 1,719	\$ 2,570	4,477	\$ 2,758
RECONCILIATION TO GAAP BASIS					
Total fund balance GAAP basis				\$ 4,477	

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Mandatory Budgetary Comparisons: Notes to RSI

Notes to Required Supplementary Information include:

1. Description of the budgetary basis of accounting
2. Excess of expenditures over appropriations
3. For each budgetary comparison schedule, notes to RSI are required to explain significant variances between:
 - The original and final budgets
 - The final budget and actual results

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Budgetary Comparison Schedule Notes

Example from GASB 103, Appendix C, Exhibit 17

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

Note A—Actual Budget Results

	General Fund over (under)	Public Safety and Transportation Fund over (under)
BUDGETARY REVENUES		
Differences—final budget to actual:		
The City experienced an increase in revenue for taxes from budgeted amounts primarily due to the opening of the new shopping center 3 months earlier than expected.	\$ 4,170	\$ 1,617
Actual amounts of interest revenue exceeded budgeted amounts as the City saw higher interest rates than expected.	1,662	395
BUDGETARY EXPENDITURES		
Differences—original budget to final budget:		
The original budget was amended for public safety as the new police station #453 was completed 7 months behind schedule. The original budget included salaries and benefits for new officers and administrative staff, in addition to noncapital building expenditures. Station #453 will be opening in the next fiscal year, and these expenditures have been included in the next year's budget.	\$ (2,526)	\$ -
UNUSUAL OR INFREQUENT ITEM		
Differences—original budget to final budget:		
The City experienced flood damage during the current fiscal year. During the year, the City increased the original budget to account for the State grants received to address the flood damage.	\$ 2,500	\$ -
During the year, the City increased the original budget to account for the spending required to address the flood damage.	(10,000)	-
<p>Note: This explanation of significant differences is shown in a tabular format. Governments can show this information in other styles such as paragraph form if they choose.</p>		

Notes to RSI [Excerpt from GFOA Illustrative ACFR]

3. General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was not significant. The exception was the appropriation for the Council department in the general government function, which was increased to \$2,033,040.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual revenues	Difference
Sales taxes	\$ 45,400,000	\$ 44,368,865	\$ (1,031,135)
Licenses and permits	4,166,256	2,649,889	(1,516,367)
Intergovernmental	11,414,391	9,705,931	(1,708,460)
Charges for services	17,738,732	19,207,441	1,468,709
Fines and forfeitures	7,762,650	6,670,562	(1,092,088)
Investment earnings	1,258,200	3,352,747	2,094,547

The shortfalls in the above revenue sources were caused by the recession experienced during the current year. Sales tax revenue was less than anticipated due to the decrease in retail sales at the shopping malls. Licenses and permits were less than estimated because there were less of these items purchased, particularly in the case of business licenses and building permits. Intergovernmental is the classification used to report grant revenues. The recession impacted the state and most other general and special-purpose governments. Accordingly, the grants that these other governments were able to provide were less than expected. Actual grants from the state were approximately \$1,250,000 less than estimated while grants from other governments were approximately \$500,000 less. Fines and forfeitures revenue was less than anticipated due to the decline in red-light camera violations during the current year. As travelers are

more aware of the cameras, fewer violations are occurring. Investment income was more than anticipated due to the increase in interest rates in government securities and increase in the stock market at the end of the current fiscal year which included approximately a \$1 million unrealized gain.

A review of actual expenditures compared to the appropriations in the final budget yields no significant variances with one exception which is explained in note 2 above.

The Council decided not to transfer additional funds to the Capital Projects Fund but did not modify the budget accordingly, and thus actual transfers out were less than budgeted in the General Fund.

Statistical Section

Only required if you prepare an ACFR

For separately issued financial reports only engaged in business-type activities (or only business-type activities and fiduciary activities), should present revenues by major source, distinguishing between operating, noncapital subsidy, and other nonoperating revenues and expenses.

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Next steps for clients

- Review their statements to determine impacted areas
- Identify gaps in MD&A (or excess)
- Map out changes in proprietary fund flows statement
- Determine whether comparative statements require prior year to be recast and consider GASB 100



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