

What's New In The World of GASB?

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Agenda

A lookback at GASB 94 & 96

Upcoming pronouncements

Financial reporting model changes

How does GASB even work, anyway?

GASB Statement Effective Dates - 6/30

2023

- Statement 91 – Conduit Debt Obligations
- **Statement 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements**
- **Statement 96 – Subscription-Based Information Technology Arrangements**
- Statement 99 – Omnibus 2022 (*multiple effective dates*)
- **Implementation Guide 2021-1 (*multiple effective dates*)**

2024

- **Statement 100 – Accounting Changes and Error Corrections**
- **Implementation Guide 2023-1 (*multiple effective dates*)**

2025

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

GASB Statement 94

Public-Private and Public-Public Partnerships (PPPs) and
Availability Payment Arrangements (APAs)

Effective Date: Periods Beginning After June 15, 2022 (FY23)

PPPs & APAs

Public-Private or Public-Public Partnerships

- PPPs – an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset (the underlying PPP asset), such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction (ex. SCA)

Availability Payment Arrangements

- APAs – an arrangement in which a government compensates an operator for activities that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction

PPPs

- Does the government have a contract with an operator (government or non-government) to provide public services?
- Does the operator have the right to operate or use the government's capital asset, including infrastructure?
- Is the contract for a specific period of time?
- Is there an exchange or exchange-like transaction?
- **All yes responses likely indicate a PPP.**

PPPs – SCA

- Has the operator provided the government with significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility?
- Does the operator receive compensation from fees collected from third parties?
- Does the government have the ability to modify or approve the following:
 - which service the operator is required to provide; **and**
 - whom the operator is required to provide the services; **and**
 - the prices or rates that can be charged for the services
- Is the government entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the agreement?
- **All yes responses likely indicate a SCA.**

PPP Examples

- Toll roads, bridges, tunnels
- Parking structures
- Airport terminals
- Public transit
- Public housing, jails/prisons
- Hospitals
- Sports facilities, recreational facilities, museums
- Wastewater treatment facility
- Land use/development

STADIUM FOOD AND BEVERAGE AGREEMENT

This Stadium Food and Beverage Agreement ("Agreement") is entered into and effective this 1st day of January, 202X ("Effective Date"), by and between HEINFELD, an Arizona corporation, and CITY OF MEECH an Arizona municipal corporation ("City") (individually, a "Party"; collectively, the "Parties").

GOLF COURSE LEASE AGREEMENT

~~THIS GOLF COURSE LEASE AGREEMENT~~ (the "Agreement") is made and entered into this ~~1st~~ ^{14th} day of April, 202X by and between the City of Meech, an Arizona municipal corporation (~~the "Lessor"~~), and Heinfeld L.L.C., an Arizona limited liability company (Lessee).

PPP Examples

MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (this "Agreement") is made and entered into this by and between the CITY OF MEECH, an Arizona municipal corporation ("City"), and the HEINFELD CULTURAL COUNCIL dba Heinfeld Arts, an Arizona non-profit corporation ("Heinfeld Arts") (individually, a "Party;" collectively, the "Parties").

RECITALS

A. City and Heinfeld Arts desire to pursue certain objectives to enhance and promote arts and cultural programs and facilities in the City. The Objectives are:

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Agreement") is made and entered into this 15 day of June, 202X by and between the City of Meech, an Arizona municipal corporation ("Lessor"), and Heinfeld Plane Center, an Arizona limited liability company ("Lessee").

RECITALS

A. Lessor is the owner of the Meech Airport (the "Airport") located northeast of the intersection of Heinfeld Road and Meech Road in HM County, Arizona.

PPP Examples

PPP Examples – Specific

A government enters into an arrangement with a developer (operator) for a term of 50 years. The developer will finance the demolition of an existing structure and construction of a new facility on the government's property. The new structure includes housing and dining facilities which the developer will operate, including setting the rates, and the developer will be compensated by the customers that utilize the facilities.

This meets the criteria of a PPP, but not of an SCA since the developer has control over the rates that may be charged.

SCA Examples – Specific

A government agrees to allow a public or private entity (operator) to operate their toll-collecting function on the government's roadways. The operator provides an up-front payment of \$3 billion to the government in return for the right to operate the toll collection and to receive and retain toll revenues for a period of 50 years.

Based on the facts in this example, this is a PPP that also meets the criteria for an SCA, because presumably the government sets the toll fees, but if the operator could set it, it would not be a SCA.

APAs

- Does the government have a contract to procure a capital asset or services in which the government compensates an operator for activities, such as designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset?
- Is the contract for a specific period of time?
- Is there an exchange or exchange-like transaction?
- Are the payments by the government based entirely on the asset's availability for use rather than on tolls, fees, or similar revenues?
- **All yes responses likely indicate an APA.**

APA Examples

- Any of the PPP examples are possible

- Specific example:

A government enters into an arrangement with a private corporation to design, build, and finance the construction of a bridge. As part of the arrangement, the corporation will collect all tolls for the bridge for 40 years and remit the collections to the government. In exchange, the government will remit to the corporation \$20 million at the start of the project, \$20 million when the bridge is placed into service, and \$5 million annually for the length of the agreement. In addition, the government will remit \$200,000 monthly for the length of the agreement, for the collection of the tolls.

This qualifies as an APA because the government is compensating the corporation (the operator) for operating the toll function by paying monthly. In the previous SCA example, revenues collected are kept by the operator.

GASB 94 - Reporting

What is this statement trying to accomplish? What financial statement elements are newly required to report or identify?

-Assets?

-Liabilities?

-Revenues?

-Expenditures?

Depends on if you are the **transferer** or the **operator**, and whether the arrangement is a PPP or APA

Also depends on if the asset being used previously existed or if a new asset is being constructed

PPPs – Reporting

	Existing Asset Owned by the Transferor	SCA <u>and</u> A New Asset Purchased or Construction by the Operator	Not an SCA <u>and</u> A New Asset Purchased or Construction by the Operator
Transferor	<p>At term commencement, recognize:</p> <ul style="list-style-type: none"> • Receivable for installment payments • Deferred inflow of resources <p>Continue to recognize the underlying asset at the carry value and asset</p>	<p>At term commencement, recognize:</p> <ul style="list-style-type: none"> • Receivable for installment payments • Deferred inflow of resources <p>Recognize the asset at the acquisition value when the asset is placed into service</p>	<p>When the asset is placed into service, recognize:</p> <ul style="list-style-type: none"> • Receivable for the underlying asset • Receivable for installment payments • Deferred inflow of resources
Operator	<p>At term commencement, recognize:</p> <ul style="list-style-type: none"> • Liability for installment payments • Intangible right-to-use asset 	<p>At term commencement, recognize:</p> <ul style="list-style-type: none"> • Liability for installment payments • Intangible right-to-use asset 	<p>When the asset is placed into service, recognize:</p> <ul style="list-style-type: none"> • Liability for the underlying asset to be transferred • Liability for installment payments • Deferred outflow of resources <p>Continue to recognize the underlying asset until ownership is transferred</p>

PPPs – Measurement

	Existing Asset Owned by the Transferor	SCA <u>and</u> A New Asset Purchased or Construction by the Operator	Not an SCA <u>and</u> A New Asset Purchased or Construction by the Operator
Transferor	<ul style="list-style-type: none"> • Receivable for installment payments measured at the present value • Asset improvements measured at the acquisition value as of the date placed into service • Deferred inflows of resources measured as the sum of the receivable, prepayments received, and the acquisition value of assets 	<ul style="list-style-type: none"> • Receivable for installment payments measured at the present value • Assets measured at the acquisition value as of the date placed into service • Deferred inflows of resources measured as the sum of the receivable, prepayments received, and the acquisition value of assets 	<ul style="list-style-type: none"> • Receivable for installment payments measured at the present value • Receivable for underlying asset measured at the carrying value as of expected date of ownership transfer • Deferred inflows of resources measured as the sum of the receivable, prepayments received, and the receivable for underlying asset
Operator	<ul style="list-style-type: none"> • Liability for installment payments measured as the present value • Right-to-use asset measured as the sum of the liability, prepayments made, and the cost of asset improvements 	<ul style="list-style-type: none"> • Liability for installment payments measured as the present value • Right-to-use asset measured as the sum of the liability, prepayments made, and the cost of the assets 	<ul style="list-style-type: none"> • Liability for installment payments measured as the present value • Liability for underlying asset measured at the carrying value as of the expected date of ownership transfer • Deferred outflows measured as the liability of the underlying asset

APAs – Recognition/Measurement

- Payments are based entirely on the underlying asset's availability for use rather than on tolls, fees, or similar revenues, or other measures of demand
- If the APA contains both (1) design, construction, or financing components, and (2) operation or maintenance components, account for each separately
 - Design, construction, or financing components of the underlying nonfinancial asset should be reported as a financed purchase
 - Operation or maintenance components of the underlying nonfinancial asset should be reported as an outflow (expense)

PPPs/APAs with Multiple Components

- Account for components as separate arrangements
- Including different terms or if assets are in different major classes of asset

Allocation Methods



GASB Statement 96

Subscription-Based Information Technology Arrangements

Effective Date: Fiscal Years Beginning After June 15, 2022 (FY23)

GASB 96 – What is a SBITA, again?

A SBITA is a contract between a governmental entity and other party (typically an IT vendor or something similar) that grants the right-to-use IT software for a **period of time** in an **exchange or exchange-like transaction**.

The result was that for each qualifying SBITA, governments would record a subscription liability for future payments, and a right-to-use asset that gets amortized over the life of the contract.

Examples and Items to Consider

SBITA

- Monthly or yearly fees
- Operates through a web-browser; cloud-based
- Use the software until expiration, after a certain amount of time
- After expiration, software cannot be used

Not a SBITA

- Up-front, one-time fee
- Perpetual license
- Installed on local hardware
- Annual maintenance and support costs
- Additional fees to upgrade
- Use the software after expiration, but with no maintenance fee or security patches and updates

GASB 96 – Lookback

- Biggest challenges?
 - Accumulating your organization's various IT agreements across all departments
 - The determination of whether a particular agreement qualified as a SBITA
 - What to do with perpetual licenses
 - Journal entries and financial statement presentation



GASB 96 – Moving Forward

- Continue to monitor IT agreements across departments for SBITAs
- Maintain agreements and documentation of SBITA determination
- Update policy and procedures where necessary
 - Implement SBITA recognition threshold
- Add right-to-use assets into the capital asset management software

Implementation Guide 2021-1

Question 7.9.8

Related to Government Capitalization Policy

Effective Date: Fiscal Years Beginning After June 15, 2023 (FY24)

Capitalization of Smaller Assets

Q – Should a government’s capitalization policy be applied only to individual assets, or can it be applied to a group of assets acquired together? Consider a government that has established a capitalization threshold of \$5,000 for equipment. If the government purchases 100 computers costing \$1,500 each, should the computers be capitalized?

A – In this example, if the \$150,000 aggregate amount is *significant* to the government, the computers **should** (not “may”) be capitalized.

Determining What is Significant

- Will vary from organization to organization
- Some evaluation parameters may be 2-5% of net capital assets and 20-30% of gross vehicles, furniture, and equipment
- Implemented on a retroactive basis, not prospective
- Policies should be reviewed and revised accordingly

Grouping Assets

If grouping individual assets to be capitalized, the organization should consider adding the individual assets as one aggregate asset into their system

The individual assets that comprise the one aggregate asset can be tracked separately for other purposes, if required or desired



A Moment of Celebration

In FY22 you managed 6 new statements

In FY23 you managed 4 new statements

In FY24, you have 1 new statement

(and like 3 implementation guide items)

GASB Statement 100

Accounting Changes and Error Corrections

Effective Date: Fiscal Years Beginning After June 15, 2023 (FY24)

Accounting Changes

- Accounting changes include:
 - change in accounting principles (retroactive)
 - change in accounting estimates (prospective)
 - change to or within the financial reporting entity
 - Adjust beginning balances in current year

Accounting Changes – Change in Accounting Principles

- For financial statements, restate beginning net position, fund balances, and/or fund net position, as applicable
- For notes to the financial statements, disclose the following:
 - The nature of the change in accounting principles, including the identification of the financial statement lines affected by the application of the new accounting principle (and the new pronouncement implemented, if applicable)
 - The reason for the change in accounting principle, including an explanation of why the newly adopted accounting principle is preferable (not applicable for implementation of pronouncements)
 - The effects on the beginning net position, fund balance, and/or fund net position, as applicable

Accounting Changes – Change in Accounting Estimate

- For financial statements, recognize the change in the reporting period in which the change occurs
- For notes to the financial statements, disclose the following (if the change is due to an input – data, assumptions, or measurement methodology – has a significant effect on the accounting estimate):
 - The nature of the change in accounting estimate, including the identification of the financial statement lines affected
 - If the change results from a change in measurement methodology, the reason for the change in measurement methodology and an explanation of why the new measurement methodology is preferable (if not required by GASB)

Accounting Changes – Change to or within the Financial Reporting Entity

- For financial statements, restate beginning net position, fund balances, and/or fund net position, as applicable
- For notes to the financial statements, disclose the following:
 - The nature of the change to or within the financial reporting entity
 - The reason for the change to or within the financial reporting entity
 - The effects on the beginning net position, fund balance, and/or fund net position, as applicable

Changes in Major Funds



Change from major to nonmajor (or vice versa) due to **quantitative** reasons = disclosure



Change from nonmajor to major due to **preference** = disclosure

Error Corrections

Error =

- Mathematical mistake
- Mistake in the application of accounting principles
- Oversight or misuse of facts
- Change from non-GAAP to GAAP

Error Corrections

- For financial statements, restate beginning net position, fund balances, and/or fund net position, as applicable
- For notes to the financial statements, disclose the following:
 - The nature of the error and its correction, including the periods affected by the error and identification of the financial statement lines affected by the error in prior periods
 - The effect on the prior period's change in net position, fund balance, and/or fund net position, as applicable, had the error not occurred
 - The effects on the beginning net position, fund balance, and/or fund net position, as applicable

An Example

Asset is initially depreciated over 10 years when policy requires 30 years. Is this a change in estimate or an error?



Other Considerations

- For financial statements, the aggregate amount of the adjustments to beginning net position, fund balance, and/or fund net position, as applicable, should be displayed for each reporting unit.
- For notes to the financial statements, disclose the following:
 - The effects on the beginning net position, fund balance, and/or fund net position, as applicable, for the earliest period adjusted
 - The effects should be disclosed in tabular format that reconciles beginning balances previously reported to beginning balances as adjusted for each reporting unit
 - If details of each change is displayed in the financial statements, those effects (details) do not need to be repeated in the notes

Other Considerations – Accounting Changes

- For required supplementary information and supplementary information:
 - For reporting periods that are presented in the basic financial statements, adjustments or restatements should be same
 - For prior reporting periods earlier than those presented in the basic financial statements, adjustments or restatements should not be performed
 - If prior reporting period information is not consistent with the current reporting period, an explanation of why the information is not consistent should be provided; specifically, for the MD&A a reference to the related note disclosure should be made

Other Considerations – Error Correction

- For required supplementary information and supplementary information:
 - For reporting periods that are presented in the basic financial statements, adjustments or restatements should be same
 - For prior reporting periods earlier than those presented in the basic financial statements, adjustments or restatements should be performed (if practical) ; if not practical to restate information, an explanation of why it is not practical to restate should be provided
 - Information that is affected by an error should be identified as restated, as appropriate, and an explanation of the nature of the error should be provided

Implementation Guide 2023-1

Various Questions

Effective Date: Various (super helpful, right?)

Implementation Guide 2023-1

Short-Term Leases

Q – A lease contract states that it will remain in effect for three years unless terminated before then. The lessee can terminate the lease for any reason within 60 days' notice, and the lessor can terminate the lease within 60 days' notice **only** if the lessee defaults on payment. Is this a short-term lease?

A – No. The option for the lessor to terminate is conditional and does not count as a cancellable period.

Implementation Guide 2023-1

SBITAs

Q – Is a licensing agreement for a vendor’s computer software that automatically renews until cancelled a licensing agreement that provides a perpetual license?

A – No. If automatic renewals occur annually, there is technically an option to terminate the agreement at each renewal date.

Likely a short-term SBITA because every period is cancellable

Implementation Guide 2023-1

Accounting Changes and Error Corrections

Q – Upon completion of a capital project during the year, a government closes out a major capital projects fund and moves remaining resources to the general fund. Does this count as a change to the financial reporting entity that has to be disclosed?

A – No. The removal of a fund in this case does not result from a movement of continuing operations. Should be reported as interfund activity as previously done; no additional disclosure necessary.

GASB Statement 101

Compensated Absences

Effective Date: Fiscal Years Beginning After December 15, 2023 (FY25)

Compensated Absences

- Statement requires that liabilities for compensated absences be recognized for:
 - 1. leave that has not been used*
 - 2. leave that has been used but not yet paid in cash or settled through noncash means

The overall concept of this statement is not too different from what you are already doing – it is just changing some of the details.

Compensated Absences

- A liability should be recognized for leave that has not been used if
 - a) the leave is attributable to services already rendered
 - b) the leave accumulates
 - c) the leave is more likely than not to be used for time off or otherwise paid in cash
- Per the Statement, certain types of compensated absences – parental leave, military leave, and jury duty, should **not** be recognized until the leave commences

Compensated Absences - footnote

The statement amends the existing requirement to disclose the gross increases and decreases in compensated absences liability, to disclose only the net change in the liability.

In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

Liability Going Up or Down?

In most cases, governments will likely see an increase in the compensated absence liability that is reported, rather than a decrease, because leave that is not paid out but is more likely than not to be used now needs to be accrued.

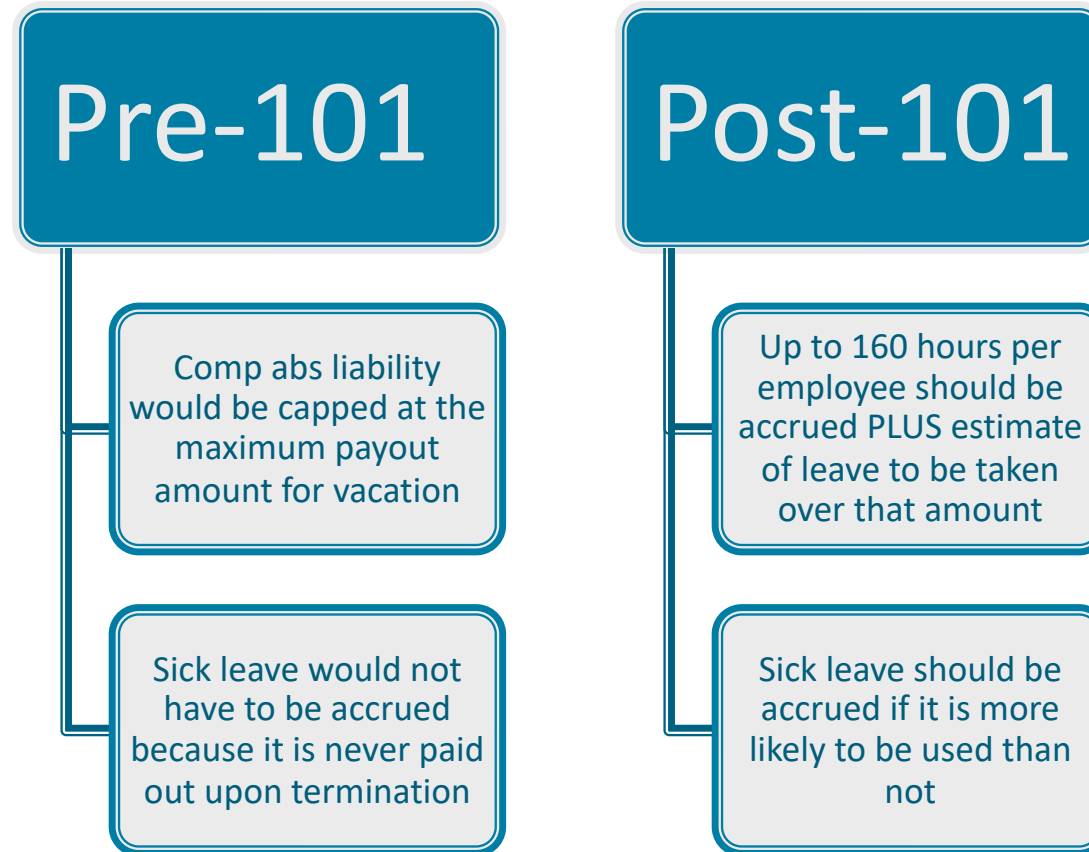
Compensated Absences – Example

The Town of Sunshine has a leave policy that allows employees to accrue 80 hours of vacation and 20 hours of sick leave annually. The vacation time is fully vested immediately, but the maximum payout is 160 hours. However, employees can carryover a maximum of 200 hours to use. Sick leave is never paid out, but employees can carryover a maximum of 200 hours to use.

How would this be accounted for before GASB 101?

What about after?

Compensated Absences – Example



Compensated Absences – Example

Going back to the previous example, let's assume "Employee A" has accrued the maximum amount of vacation hours that they can carry over (200). The Town has determined that historically, 75% of all leave is taken. Let's ignore sick leave for this example.

In a post-GASB 101 world, how much should the Town of Sunshine accrue?

- a. 160 hours
- b. 190 hours
- c. 200 hours
- d. Can we just go to lunch already?

The answer is b, 190 hours. The calculation is $160 + (40 * .75)$.

Others

Practice Issues & Major Projects

Comprehensive Project: Financial Reporting Model; Revenue & Expense Recognition

~~Conceptual Framework: Recognition~~

Practice Issues & Major Projects

Classification of Nonfinancial Assets

Subsequent Events

Going Concern Uncertainties and Severe Financial Stress

Infrastructure Assets

Financial Reporting Model

~~Governmental Fund
Financial Statements~~

Management's
Discussion & Analysis

Proprietary Fund and
Business-Type Activity
Financial Statements

Budget Comparison
Reporting

Other Issues –
Unusual or Infrequent
Items and Major
Component Unit

Governmental Fund Financial Statements



Short-term financial resources measurement for fund and modified accrual of accounting



Items arising from short-term transactions or other events are recognized when the liability is incurred. *One year or less from inception to conclusion*



Items arising from long-term transactions or other events are recognized when the liability is incurred. *Conclusion is greater than one year*



Current and noncurrent financial resources of inflows and outflows of resources

Governmental Fund Financial Statements - Inflows

	General Fund	Special Tax Fund	Other Governmental Funds	Total Governmental Funds
INFLOWS OF SHORT-TERM FINANCIAL RESOURCES FOR CURRENT ACTIVITIES				
Taxes:				
Property tax	\$ 2,015,047	\$ 5,311,156	\$ 2,015,047	\$ 27,648,370
Sales tax	4,430,774	-	4,430,774	49,465,563
Use tax	3,586,753	-	-	3,586,753
Motor fuel tax	-	-	2,889,647	2,889,647
Other taxes	6,674,804	-	2,698,909	6,674,804
Payments in lieu of taxes	2,721,420	-	-	2,721,420
Special assessments	-	-	41,500	41,500
Licenses and permits	1,303,889	-	-	1,303,889
Fees for services	7,254,965	-	202,273	7,254,965
Franchise fees	1,968,522	-	-	1,968,522
Fines and citations	1,476,364	-	-	1,476,364
Intergovernmental	14,512,512	-	6,192,493	20,787,512
Investment earnings	5,136,256	11,384	119,043	136,256
Transfers in	655,204	-	155,204	655,204
Miscellaneous	4,216,940	654,482	771,287	5,642,709
Total inflows of short-term financial resources for current activities	106,760,279	5,977,022	19,516,177	132,253,478

Current and Noncurrent Activity Form



Governmental Fund Financial Statements - Outflows

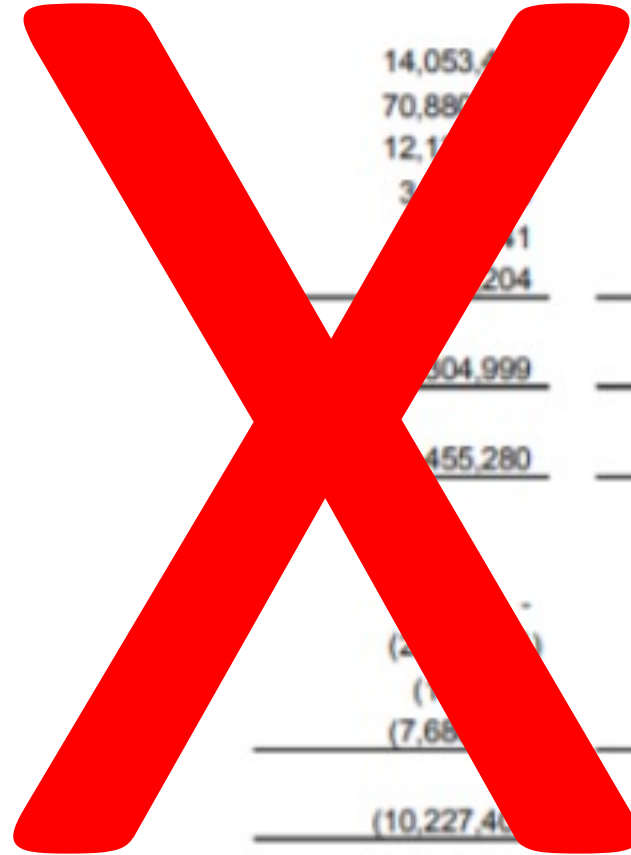
OUTFLOWS OF SHORT-TERM FINANCIAL RESOURCES FOR CURRENT ACTIVITIES

General government	14,053,411	6,961,201	2,213,691	23,228,336
Public health and safety	70,880,000	-	590,383	71,471,296
Highway and streets	12,100,000	-	4,715,808	16,853,522
Culture and recreation	3,000,000	335,659	1,808,065	5,725,307
Economic development	1,000,000	-	3,374,045	3,870,186
Transfers out	1,000,000	-	500,000	655,204
Total outflows of short-term financial resources for current activities	94,033,411	7,296,860	13,201,992	121,803,851
Net flows of short-term financial resources for current activities	(455,280)	(1,319,838)	6,314,185	10,449,627

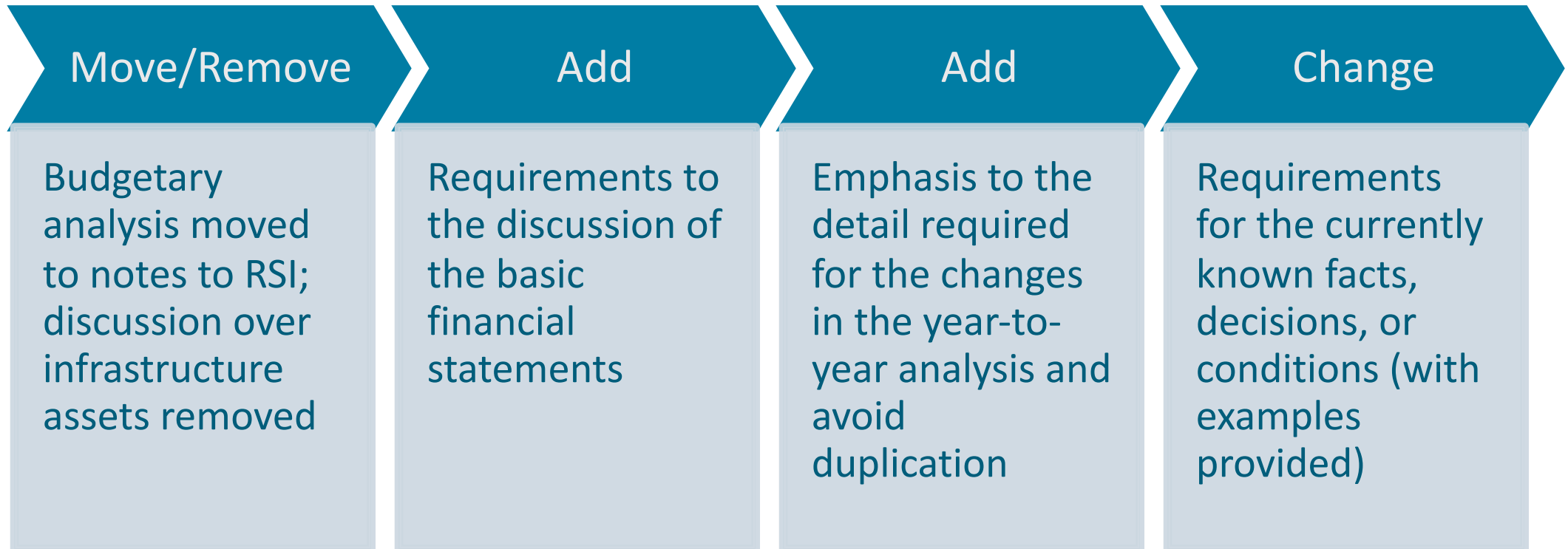
NET FLOWS OF SHORT-TERM FINANCIAL RESOURCES FOR NONCURRENT ACTIVITIES

Transfers in	10,651,605	-	10,651,605	10,651,605
Debt service	(2,366,412)	(366,412)	(9,198,505)	(11,999,461)
Capital outlay	(1,515)	(1,515)	(1,346,497)	(1,459,999)
Transfers out	(7,680,000)	(6,445)	(2,420,900)	(10,108,220)
Net flows of short-term financial resources for noncurrent activities	(10,227,412)	(374,372)	(2,314,297)	(12,916,075)

Net change in short-term financial resources fund balances	(4,772,126)	(1,694,210)	3,999,888	(2,466,448)
Short-term financial resources fund balances at beginning of year	9,319,621	9,776,474	27,892,592	46,988,687
Short-term financial resources fund balances at end of year	\$ 4,547,495	\$ 8,082,264	\$ 31,892,480	\$ 44,522,239



Management's Discussion & Analysis



Proprietary Fund and BTA Financial Statements

- Separate presentation of operating and non-operating revenues and expenses
- Operating activities would include all activities that are not considered non-operating
- Non-operating activities would include items such as
 - Subsidies received and provided (including transfers) – with subtotals
 - Revenues and expenses from financing
 - Resources from the disposal of capital assets and inventory
 - Investment income and expenses
 - Contributions to permanent and term endowments

Proprietary Fund and BTA Financial Statements

Sales and services	271,345	272,244
Other operating revenues	7,868	14,861
Total operating revenues	<u>1,146,343</u>	<u>1,091,377</u>
Operating expenses:		
[Natural or functional expenses]		
Total operating expenses	<u>1,681,544</u>	<u>1,596,059</u>
Income (loss) generated by operations	<u>(535,201)</u>	<u>(504,682)</u>
Noncapital subsidies:		
Appropriations	407,702	394,767
Taxes	8,026	7,660
Grants	42,978	37,567
Gifts	99,395	90,063
Total noncapital subsidies	<u>558,101</u>	<u>530,057</u>
Operating income (loss) and noncapital subsidies	<u>22,900</u>	<u>25,375</u>
Financing and investing activities:		
Investment income	235,820	138,643

Budget Comparisons

Presented in the RSI

- Presentation as a basic financial statement no longer allowed

Required variance presentation from the original budget to the final budget

Required variance presentation from the final budget to actual amounts (currently required)

Other Issues

- Unusual or infrequent items
 - Presented individually; present “last”; presented separately
 - Control of management over such items disclosed in the notes
- Major component unit information should be separately presented for the statements of net position and statements of activities; if reduced readability, single column information can be presented with combining statements included after the fund financial statements
- Effective date for fiscal years beginning after June 15, 2025 (FY26)
- Component units should implement in the same year as primary governments

Revenue and Expense Recognition

Recognition Model

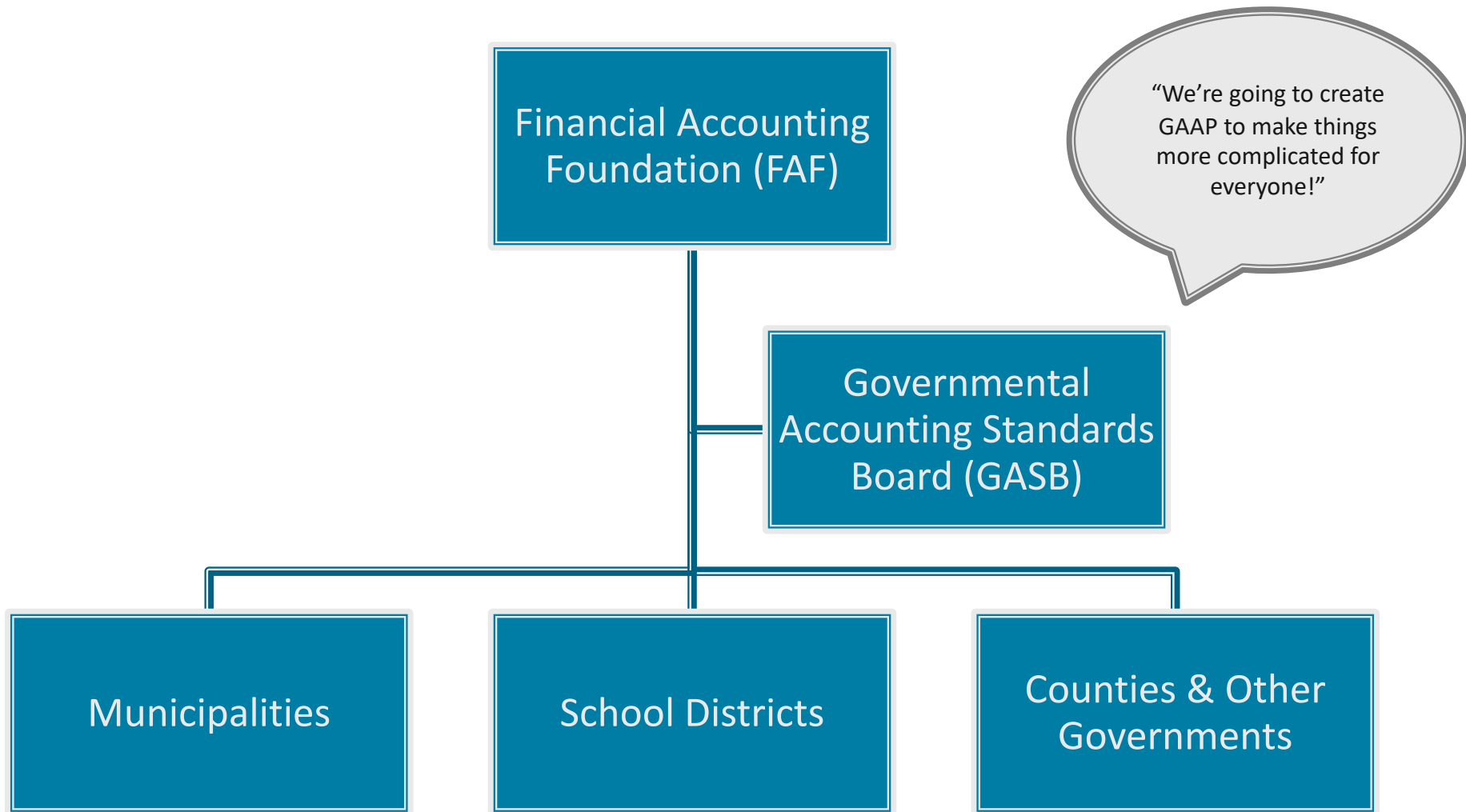
- Categorization – identify the type of the transaction
- Recognition – determine what elements should be reported and when
- Measurement – determine the amount to report

Some transaction would have different recognition criteria

- Special assessments, regulatory fees, capital fees
- Eligibility-based grants, research grants and revolving loans, Medicaid fees for service

How The GASB Does Their Thing

- Who is the GASB and why do they keep making changes?
- How are statements made and how long is the process?
- How can I get involved?



How New Statements Are Made

Identification of accounting or financial reporting issue

- Sometimes modeled after FASB statements

Research and feedback stage, resulting in exposure draft or preliminary views document

Based on comment phase, GASB makes changes and issues final statement

Implementation guides released to assist issuers

Want to Participate?



Subscribe to GASB's mailing list

[Gasb.org/signup](https://gasb.org/signup)



There's a podcast!

"Bridging the GAAP"



Website has list of public hearings, user forums, task forces, etc.

Questions?

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