GASB Update

Florida GFOA – South Florida Chapter

November 5, 2026

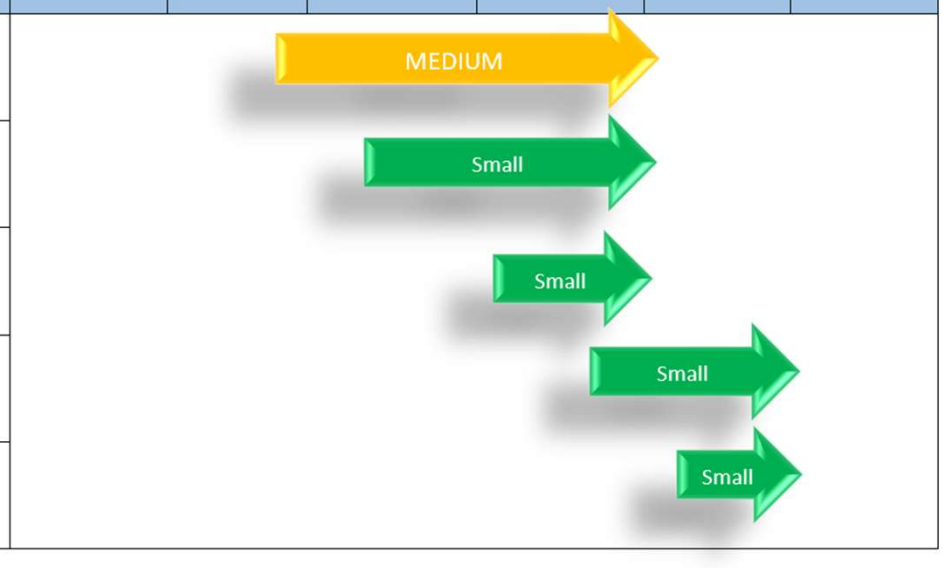
MEAD ACCOUNTABILITY
ADVISORS LLC

Agenda

- Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Certain Capital Asset Disclosures*
- GASB Statement No. 105, *Subsequent Events*

June 30 to November 30 FYEs

Statement and FY Effective		Potential Level of Effort*					
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GASB 103 – Financial Reporting Model Improvements	**2026**						
GASB 104 – Disclosure of Certain Capital Assets	**2026**						
IG 2025-1 – Implementation Guidance Update 2025	**2026**						
GASB 105 – Subsequent Events	**2027**						
IG 2026-1 – Financial Reporting Model Improvements—Subsidies	**2027**						

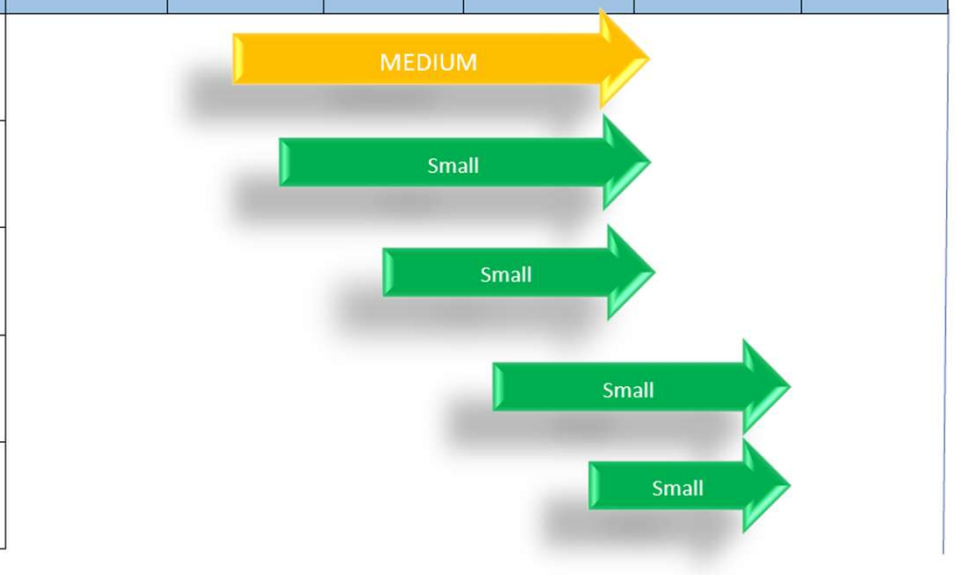


*Based on June–November fiscal years

Derived from a slide originally created by the GASB

December 31 FYEs

Statement and FY Effective		Potential Level of Effort*					
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GASB 103 – Financial Reporting Model Improvements	**2026**						
GASB 104 – Disclosure of Certain Capital Assets	**2026**						
IG 2025-1 – Implementation Guidance Update 2025	**2026**						
GASB 105 – Subsequent Events	**2027**						
IG 2026-1 – Financial Reporting Model Improvements—Subsidies	**2027**						

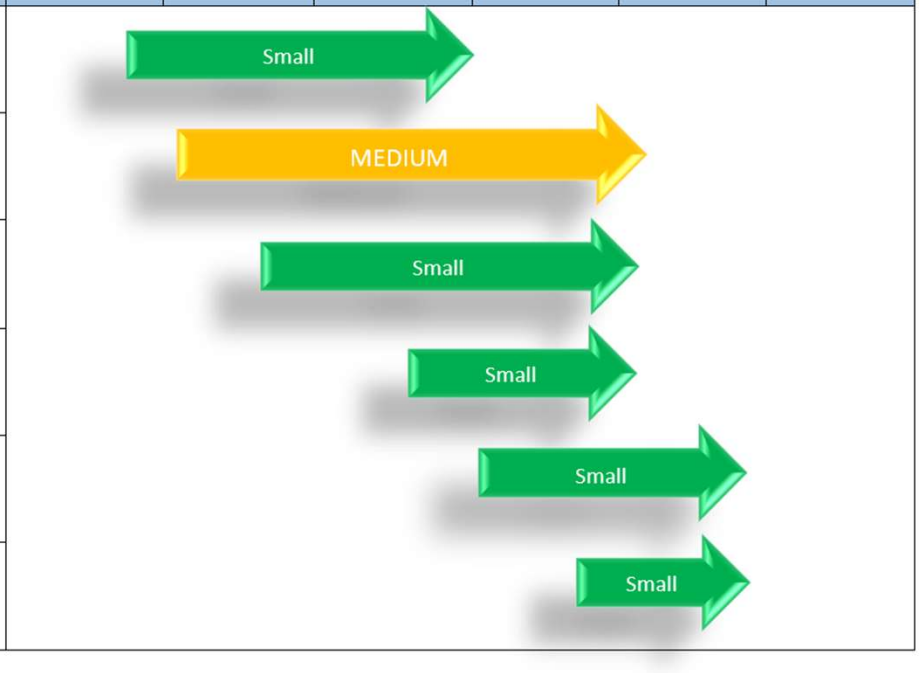


*Based on December 31 fiscal years

Derived from a slide originally created by the GASB

January 31 to May 31 FYEs

Statement and FY Effective		Potential Level of Effort*					
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GASB 102 – Certain Risk Disclosures	**2026**						
GASB 103 – Financial Reporting Model Improvements	**2027**						
GASB 104 – Disclosure of Certain Capital Assets	**2027**						
IG 2025-1 – Implementation Guidance Update 2025	**2027**						
GASB 105 – Subsequent Events	**2027**						
IG 2026-1 – Financial Reporting Model Improvements—Subsidies	**2027**						



*Based on January–May fiscal years

Derived from a slide originally created by the GASB

MEAD ACCOUNTABILITY
ADVISORS LLC

Statement No. 103, *Financial Reporting Model Improvements*

MEAD ACCOUNTABILITY
ADVISORS LLC

What's in Statement 103?

MEAD ACCOUNTABILITY ADVISORS LLC



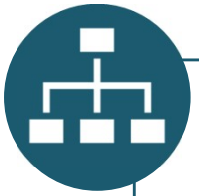
Management's discussion and analysis



Unusual or infrequent items

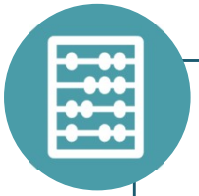


Proprietary funds statement of revenues, expenses, and changes in fund net position



Major component units

- Presentation
- Operating v. nonoperating
- Statistical section



Budgetary comparisons

Overall Aims of the MD&A Revisions

MEAD ACCOUNTABILITY ADVISORS LLC

Increase the number of people who can read and understand it by:

- Reducing repetition where possible
- Focusing on explaining *why* changes occurred
- Eliminating boilerplate language

Clarify for governments what information should be included

MD&A's Intended Reader Has Changed

MEAD ACCOUNTABILITY ADVISORS LLC

Reader of MD&A	Reader of the rest of the report
• May not know governmental accounting and financial reporting or the geographic area	• Presumed to have (or a willingness to obtain) a reasonable understanding of government and public finance activities and the fundamentals of financial reporting

Target Reader

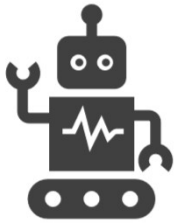
MEAD ACCOUNTABILITY ADVISORS LLC

Finding the right level for the target reader



Search for “accounting-ese” in your most recent MD&A and either replace it or explain it plainly

Ask non-finance staff to read MD&A and highlight parts that are challenging to understand

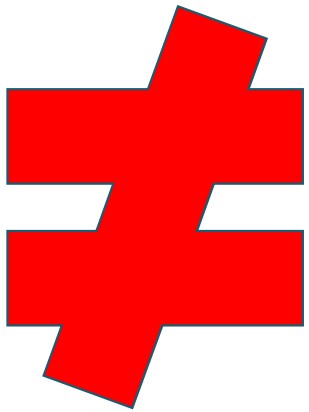


Use AI (cautiously)

Target Reader (continued)

MEAD ACCOUNTABILITY ADVISORS LLC

Person who does not know governmental accounting and financial reporting



Person who is unintelligent and/or uninterested

Required Components of MD&A

MEAD ACCOUNTABILITY ADVISORS LLC

- Overview of the Financial Statements
- Financial Summary
- Detailed Analyses
- Significant Capital Asset Activity
- Significant Long-Term Financing Activity
- Currently Known Facts, Conditions, or Decisions

MEAD ACCOUNTABILITY ADVISORS LLC

Required Components of MD&A

MEAD ACCOUNTABILITY ADVISORS LLC

Overview of the Financial Statements

- Explains the relationships of the statements to each other and the significant differences in the types of information the financial statements provide (if the agency reports fund financial statements)

MEAD ACCOUNTABILITY ADVISORS LLC

Illustration Based on Statement 103

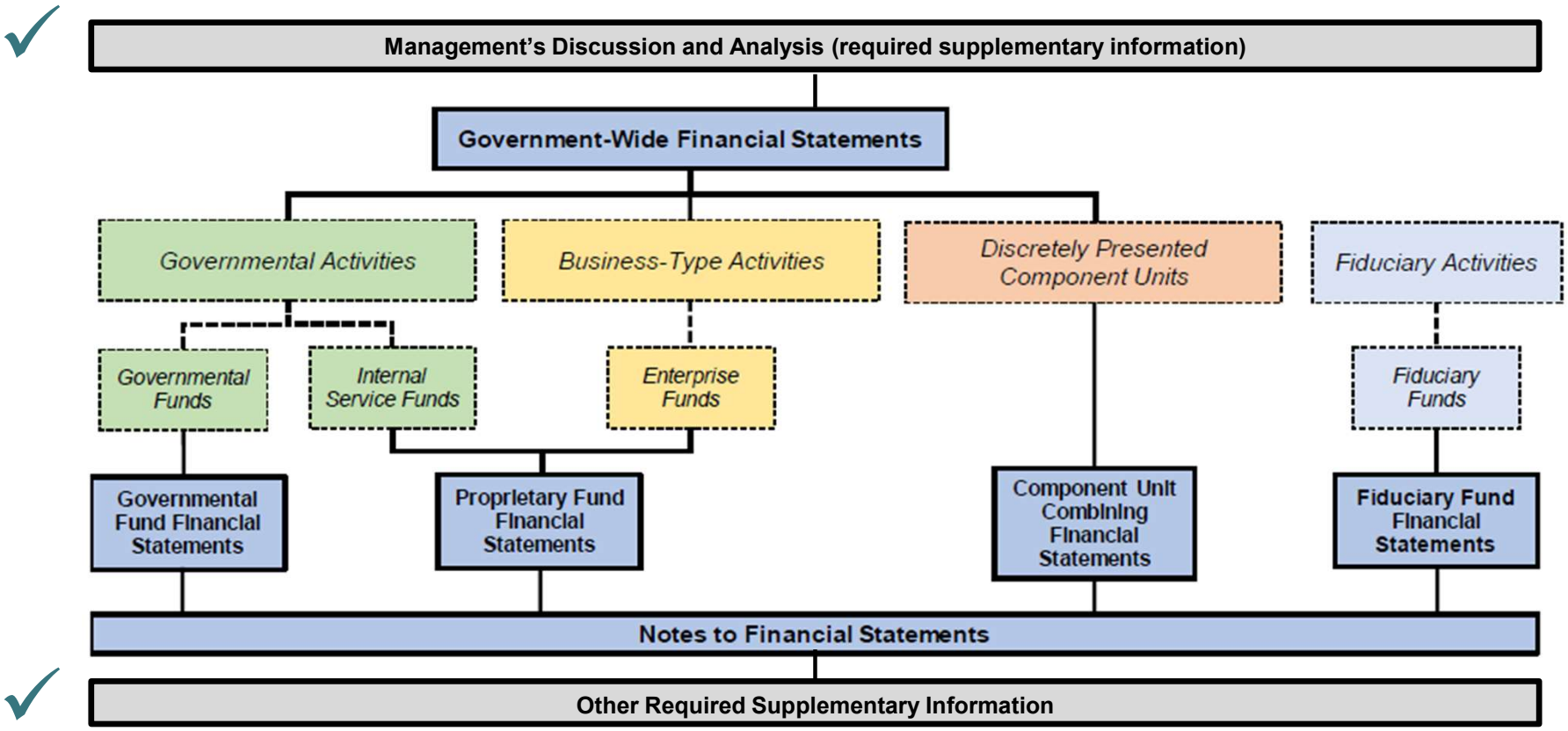


Illustration from Statement 103

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

Financial Highlights?

MEAD ACCOUNTABILITY ADVISORS LLC

Opening MD&A with a “Financial Highlights” section is okay but not a required component

However, we should make sure they really are “highlights” for the year

What Can Be Included?

MEAD ACCOUNTABILITY ADVISORS LLC

"Are we allowed to include this?"



The audit standards say RSI can include only things that the GASB specifically requires

The standards for the required components, however, are written at a relatively high level



So, which information is fair game to include, and which is off limits?

What Can Be Included? (cont'd)

MEAD ACCOUNTABILITY ADVISORS LLC

GASB standards preface the required parts of MD&A with "The information presented should be confined to the topics discussed in the five sections outlined below"

However, a footnote to that sentence says "Governments can provide additional details about the required topics"

Rule of thumb: If the information is clearly relevant to the required topics, you can include it

Required Components of MD&A (cont'd)

MEAD ACCOUNTABILITY ADVISORS LLC

Financial Summary and Detailed Analyses

- Condensed financial statements derived from government-wide financial statements that compare the current year to the prior year for both governmental activities and business-type activities (if applicable)

MEAD ACCOUNTABILITY ADVISORS LLC

Condensed Statements: Required Content

MEAD ACCOUNTABILITY ADVISORS LLC

b. *Financial Summary*. Condensed financial information derived from the government-wide financial statements comparing the current year to the prior year for both governmental activities and business-type activities. Governments should present the information needed to support their analysis of financial position and results of operations required in subparagraph (c), including the following elements, if applicable:

From the government-wide statement of net position

(1) Total assets, distinguishing between capital assets and other assets
(2) Total deferred outflows of resources
(3) Total liabilities, distinguishing between long-term liabilities and other liabilities
(4) Total deferred inflows of resources
(5) Total net position, distinguishing between the net investment in capital assets, restricted net position, and unrestricted net position

From the government-wide resource flows statement

(6) Program revenues, by major source, distinguishing between charges for services, operating grants and contributions, and capital grants and contributions
(7) General revenues, by major source
(8) Total revenues
(9) Program expenses, at a minimum by function or identifiable activity, as appropriate
(10) Total expenses
(11) Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, transfers, and unusual or infrequent items
(12) Contributions to term and permanent endowments or permanent fund principal
(13) Transfers
(14) Unusual or infrequent items
(15) Beginning net position
(16) Change in net position
(17) Ending net position.

Source: Statement 103, paragraph 8b

Condensed Statements Examples

MEAD ACCOUNTABILITY ADVISORS LLC

Table A-1
Sample City's Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	20X5	20X4	20X5	20X4	20X5	20X4	20X5–20X4
Current and other assets	$ 849,249	$ 760,540	$ 96,025	$ 100,640	$ 945,274	$ 861,180	9.8%
Capital assets, net	1,845,379	1,781,939	576,876	566,000	2,422,255	2,347,939	3.2%
Total assets	**2,694,628**	**2,542,479**	**672,901**	**666,640**	**3,367,529**	**3,209,119**	**4.9%**
Deferred outflows of resources	**89,902**	**70,018**	**3,994**	**3,130**	**93,896**	**73,148**	**28.4%**
Long-term liabilities	975,103	922,831	103,694	104,502	1,078,797	1,027,333	5.0%
Other liabilities	40,321	46,197	23,601	24,965	63,922	71,162	-10.2%
Total liabilities	**1,015,424**	**969,028**	**127,295**	**129,467**	**1,142,719**	**1,098,495**	**4.0%**
Deferred inflows of resources	**35,295**	**27,322**	**1,204**	**1,226**	**36,499**	**28,548**	**27.9%**
Net position							
Net investment in capital assets	1,216,106	1,209,700	489,610	474,914	1,705,716	1,684,614	1.3%
Restricted	705,464	711,690	17,514	14,985	722,978	726,675	-0.5%
Unrestricted	(187,759)	(305,243)	41,272	49,178	(146,487)	(256,065)	42.8%
Total net position	**$ 1,733,811**	**$ 1,616,147**	**$ 548,396**	**$ 539,077**	**$ 2,282,207**	**$ 2,155,224**	**5.9%**

Source: Statement 103

Condensed Statements Examples (continued)

MEAD ACCOUNTABILITY ADVISORS LLC

Table A-2
Changes in Sample City's Net Position
(amounts expressed in thousands)

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

Source: Statement 103

Condensed Fund Statements (not required)

MEAD ACCOUNTABILITY ADVISORS LLC

Table A-3
Revenues, Expenditures, and Changes in Fund Balances
(amounts expressed in thousands)

	General Fund		Debt Service Fund		Infrastructure Capital Projects Fund	
	20X5	20X4	20X5	20X4	20X5	20X4
Total Revenues	$ 213,376	$ 193,431	$ 78,976	$ 77,013	$ 141,327	$ 128,968
Total Expenditures	196,136	194,744	76,435	74,871	177,395	130,437
Excess (deficiency) of revenues over expenditures	17,240	(1,313)	2,541	2,142	(36,068)	(1,469)
Other Financing Sources (Uses)						
Other debt activity (net)	-	-	19	-	125,930	-
Proceeds from the sale of capital assets	275	646	-	-	-	-
Transfers in	2,630	365	-	-	192	-
Transfers out	(662)	-	-	-	(18,294)	(2,580)
Total other financing sources (uses)	2,243	1,011	19	-	107,828	(2,580)
Unusual or Infrequent Item—Flood Damage						
Grant revenue	2,500	-	-	-	-	-
Cleanup	(10,000)	-	-	-	-	-
Total unusual or infrequent item	(7,500)	-	-	-	-	-
Net change in fund balances	11,983	(302)	2,560	2,142	71,760	(4,049)
Fund balances—beginning of period	55,009	55,311	65,729	63,587	548,550	552,599
Fund balances—end of period	$ 66,992	$ 55,009	$ 68,289	$ 65,729	$ 620,310	$ 548,550

Source: Statement 103

Condensed Fund Statements (not required)

MEAD ACCOUNTABILITY ADVISORS LLC

Table A-4
Revenues and Expenses
(amounts expressed in thousands)

	Public Utility		Transit Authority		Golf Courses	
	20X5	20X4	20X5	20X4	20X5	20X4
Total operating revenues	$ 41,286	$ 37,033	$ 18,669	$ 18,406	$ 2,665	$ 2,838
Total operating expenses	40,777	39,959	25,378	25,255	7,433	5,676
Operating income (loss)	509	(2,926)	(6,709)	(6,849)	(4,768)	(2,838)
Noncapital Subsidies						
Transfers in	-	-	2,090	3,502	110	2,203
Transfers out	(1,980)	-	-	-	-	-
Total noncapital subsidies	(1,980)	-	2,090	3,502	110	2,203
Operating income (loss) and noncapital subsidies	(1,471)	(2,926)	(4,619)	(3,347)	(4,658)	(635)
Other Nonoperating Revenues (Expenses)						
Earnings on investments	1,496	844	75	69	103	-
Interest expense	(1,910)	(2,141)	(448)	(500)	(963)	-
Capital contributions	2,938	2,199	-	-	-	-
Transfers in restricted for capital assets	1,032	497	15,360	-	2,384	252
Total other nonoperating revenues (expenses)	3,556	1,399	14,987	(431)	1,524	252
Increase (decrease) in fund net position	2,085	(1,527)	10,368	(3,778)	(3,134)	(383)
Total fund net position—beginning of period	331,657	333,184	177,997	181,775	29,423	29,806
Total fund net position—end of period	$ 333,742	$ 331,657	$ 188,365	$ 177,997	$ 26,289	$ 29,423

Source: Statement 103

Detailed Analyses

MEAD ACCOUNTABILITY ADVISORS LLC

Government-Wide

- Analyze the overall financial position and results of operations, summarizing all significant changes to both governmental activities and business-type activities as reported in the government-wide financial statements

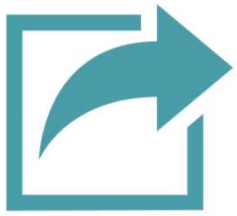
Funds

- Analyze the balances of each major fund, summarizing all significant financial changes in each major fund and addressing restrictions, commitments, and assignments that significantly affect the availability of resources for future spending

What Is “Significant”?

MEAD ACCOUNTABILITY ADVISORS LLC

Using professional judgment to determine what is “significant”



Percentage changes that are larger in magnitude than others, both positive and negative

AND, are also substantial dollar amounts



Qualitatively significant items

MEAD ACCOUNTABILITY ADVISORS LLC

“Significant”

MEAD ACCOUNTABILITY ADVISORS LLC

In the context of MD&A, **significant** refers to information that would be meaningful to the reader and influence the conclusions they make based on the financial statements

Stated differently, **significant** refers to information that, if *not* discussed in MD&A, could result in the reader making incorrect conclusions

Graphs and Charts

MEAD ACCOUNTABILITY ADVISORS LLC

GASB encourages the “use of charts, graphs, and tables…to enhance the understandability of the information”

Professional judgment is necessary to determine when including visuals adds value

Is there a rule of thumb?

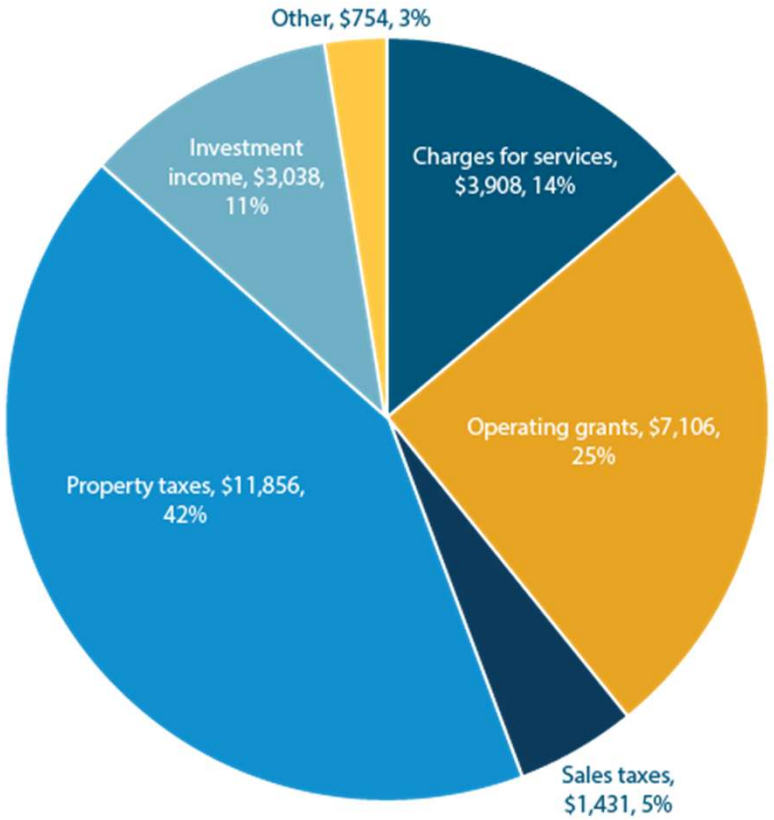
Graphs and Charts (continued)

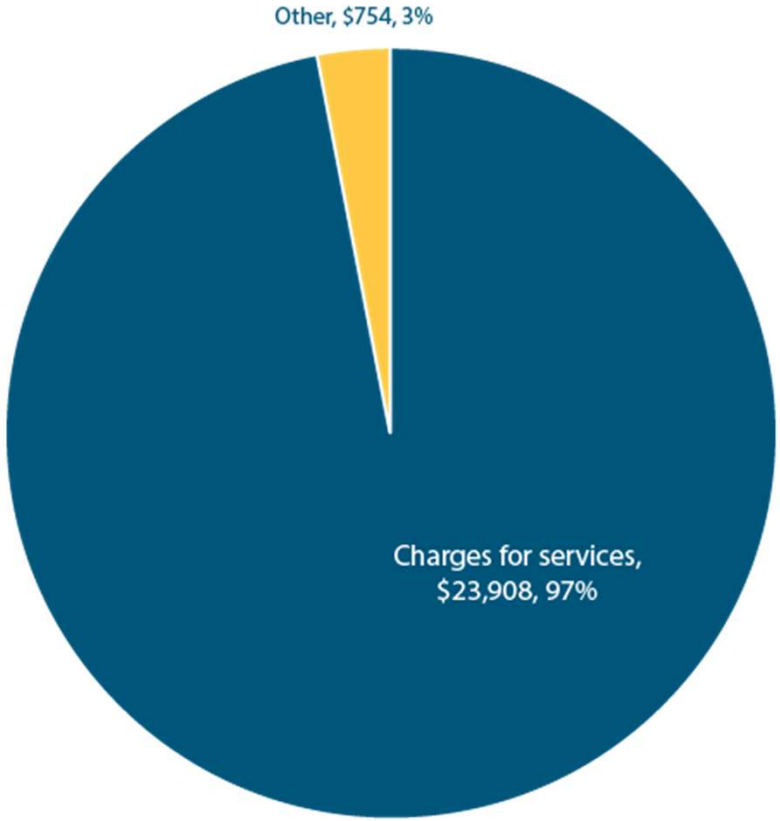
We shouldn't include graphics just for the sake of having them

Meaningful graphics:

- Explain, clarify, or build on the narrative
- Make salient points more succinctly and understandably than narrative

Graphs and Charts (continued)





This could be a valuable addition to the narrative

This one…not so much

Explaining WHY

"Property taxes increased and fees for service decreased" is not analysis

- This so-called "ladder analysis" is not useful

The analyses should focus on *explaining why* significant changes occurred and indicate the magnitude of those changes, in addition to reporting the amounts or percentages of significant changes

Explaining WHY (continued)

MEAD ACCOUNTABILITY ADVISORS LLC

"Surface-level" explanations may not be sufficient for the reader to understand why a change occurred

A meaningful discussion may require drilling down multiple levels to reach the key factor that explains the change

Drilling Down to the Best Answer

MEAD ACCOUNTABILITY ADVISORS LLC

Property tax revenue increased 4.5% this year

Why?

Assessed value of property rose 8.2% from last year

Why?

A multiyear examination of commercial and industrial valuations concluded this year and resulted in overall increases in assessed value for those property classes

Is there anything else we should know?

The effect on property tax revenue of the increase in assessed values was partially offset when the City Council reduced the millage rate by 0.25 mills

MEAD ACCOUNTABILITY ADVISORS LLC

Drilling Down to the Best Answer

MEAD ACCOUNTABILITY ADVISORS LLC

Expenses for regulatory activities decreased 10% this year

Why?

Turnover among buildings inspectors and permit processing staff was greater than expected, which resulted in lower-than-expected salary and benefit costs

Why?

The City Council offered an early retirement incentive as part of a plan to close a mid-year budget deficit

Is there anything else we should know?

The shortage of inspectors and permit processors also affected fees and penalties revenue, which declined 15%

MEAD ACCOUNTABILITY ADVISORS LLC

What Should Be Discussed in the Fund Analysis?

MEAD ACCOUNTABILITY ADVISORS LLC

Did the change happen in a major fund and is it significant?

If yes to both, explain why the change occurred

If the change was discussed previously in the government-wide analysis, or will be discussed in the capital asset or long-term financing sections, consider referencing that discussion rather than repeating it

“Clean Slate” Implementation

MEAD ACCOUNTABILITY ADVISORS LLC

Implementation effort may be relatively greater for governments that were not fully compliant with the prior standards

For example, prior to implementing Statement 103, some governments:

- Addressed only some funds, excluding funds that are major
- Addressed governmental funds but not enterprise funds
- Did not include a fund-level analysis at all

Required Components of MD&A (cont'd)

MEAD ACCOUNTABILITY ADVISORS LLC

Significant Capital Asset Activity	• Describes significant capital asset activity during the year, encompassing both tangible and intangible capital assets
Significant Long-Term Financing Activity	• Describes significant long-term financing activity during the year, encompassing debt, leases, and SBITAs

MEAD ACCOUNTABILITY ADVISORS LLC

Significant Capital Asset Activity

MEAD ACCOUNTABILITY ADVISORS LLC

Describe significant capital asset activity during the year, encompassing both tangible and intangible capital assets (e.g., right-to-use lease and subscription assets)—including, as applicable:

- Significant additions and disposals of capital assets
- Changes to commitments made to acquire capital assets
- Significant policy changes and economic factors relevant to the capital asset activity during the year

Significant Long-Term Financing Activity

MEAD ACCOUNTABILITY ADVISORS LLC

Describe significant long-term financing activity during the year, encompassing debt, leases, and SBITAs and discussing, as applicable:

- Agreements entered into
- Changes in credit ratings
- Changes to debt limitations that may affect the financing of planned facilities or services
- Significant policy changes and economic factors relevant to the long-term financing activity that occurred during the year

Capital Assets and Long-Term Financings

Discussion of the types of capital assets and long-term financings a government has may be relevant, but the required discussion should focus on significant activity *during the year* rather than amounts as of the end of the year

The liability discussion is limited to long-term *financings* and should not include other types of long-term liabilities

- However, significant changes in other long-term liabilities (e.g., pensions and OPEB, compensated absences) may be relevant to other parts of MD&A, such as the government-wide detailed analysis

Required Components of MD&A (cont'd)

MEAD ACCOUNTABILITY ADVISORS LLC

Currently Known Facts, Conditions, or Decisions

- Discusses things that are expected to have a significant effect on financial position or that are expected to produce significant differences from current-period results of operations

Currently Known Facts, Conditions, or Decisions

MEAD ACCOUNTABILITY ADVISORS LLC

Discuss currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or that are expected to produce significant differences from current-period results of operations

"Currently known" refers to information management is aware of as of the date of the financial statements are issued

Currently Known FCD: Examples

MEAD ACCOUNTABILITY ADVISORS LLC

Trends in relevant economic and demographic data

Relevant factors used to develop the next year's budget, indicating how results of operations are expected to change next year, such as:

- Changes in the total amount available for appropriation
- Changes in planned spending

Expected changes in budgetary net position or fund balance

Actions government has taken related to pensions/OPEB; capital asset plans; liabilities for leases, PPPs, and SBITAs; and other long-term financings that will affect the subsequent period

Actions other parties have taken that will affect the government, such as new legislation or regulations imposed on the government

Which FCDs Should Be Included?

MEAD ACCOUNTABILITY ADVISORS LLC

Not all of the examples in Statement 103 of currently known FCD may be relevant to your government

- Don't automatically discuss economic trends and the next year's budget, for example

A key yardstick for deciding what to discuss is whether a topic indicates next year's financial position or results of operation will significantly change from this year

And, of course, it should be a FCD occurring in or relevant to the period after the FY covered in the preceding sections of MD&A

Gone, But Not Forgotten

MEAD ACCOUNTABILITY ADVISORS LLC

Statement 103 removes the following two sections from MD&A:

- Significant budgetary variances – a more detailed discussion should be presented in notes to the budgetary comparison schedules in RSI (more on that later)
- Modified approach – for governments that use it, explanatory information should accompany the RSI schedules

MEAD ACCOUNTABILITY
ADVISORS LLC

Operating and Nonoperating Revenues and Expenses, including Subsidies Received and Provided

Definitions for Revenue and Expenses

MEAD ACCOUNTABILITY ADVISORS LLC

Operating

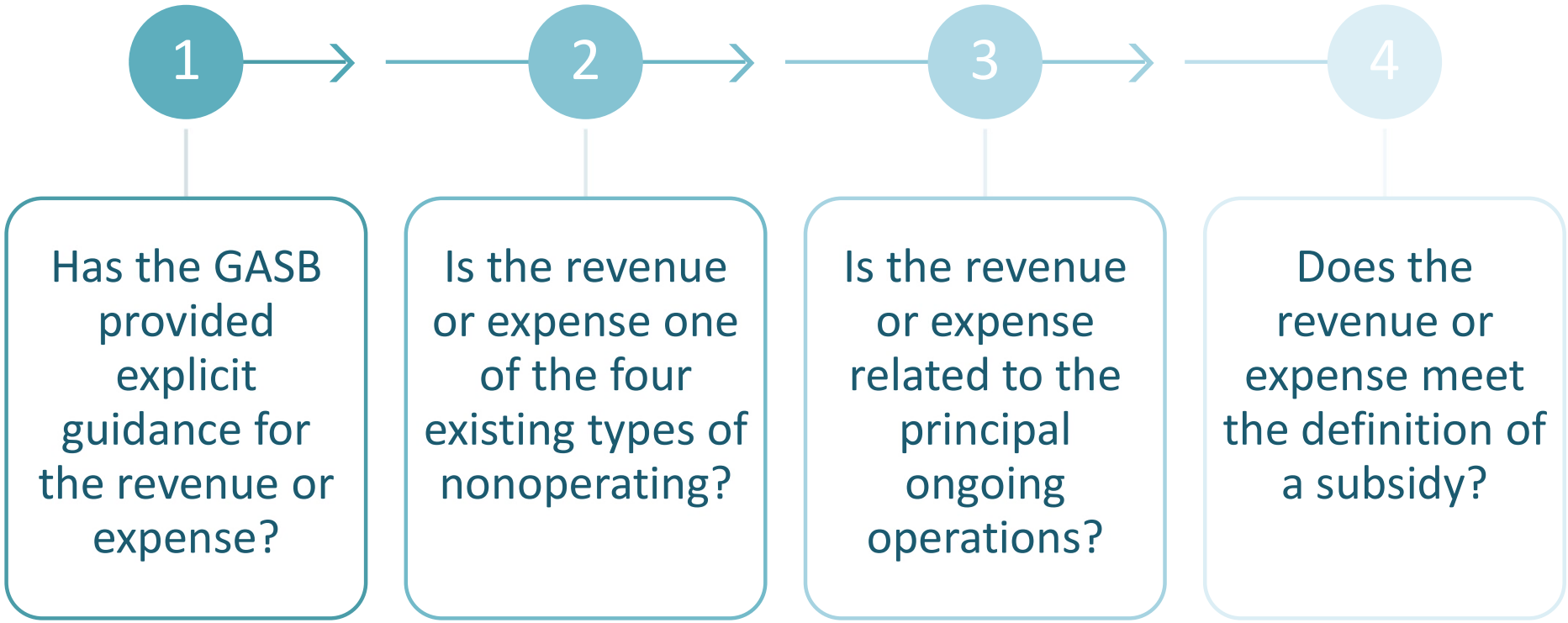
- Revenues and expenses other than non-operating

Nonoperating

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

These almost always should have been non-operating previously

Classifying Operating and Nonoperating



Is Implementation a Clean Slate?

MEAD ACCOUNTABILITY ADVISORS LLC

Implementation may have unexpected results if a government was not correctly applying the prior standards

For example, prior to implementing Statement 103, some governments:

- Reported operating revenues and expenses that should have been nonoperating, or vice versa
- Reported transfers that actually are payments for services

Take Nothing for Granted

MEAD ACCOUNTABILITY ADVISORS LLC

Review all proprietary fund inflows and outflows because prior conclusions may have been incorrect

Make sure to read the GASB Q&As – there is no need to evaluate revenues and expenses the GASB has classified for us

Subsidies

MEAD ACCOUNTABILITY ADVISORS LLC

Resources received from another party or fund:

- For which the proprietary fund does not provide goods and services to the other party or fund, and
- That directly or indirectly keep current or future fees and charges of the proprietary fund lower than they would be otherwise

Resources provided to another party or fund:

- For which the other party or fund does not provide goods and services to the proprietary fund, and
- That are recoverable through the proprietary fund's current or future pricing policies

All other transfers

Subsidy Examples

MEAD ACCOUNTABILITY ADVISORS LLC

A transit district receives a quarter percentage point of the sales tax collected from the counties it serves; it can charge a much lower fare than what it actually costs to provide a ride

A water and sewer fund annually transfers $5 million to the city's general fund, but it's not a reimbursement and it gets nothing in return; the water and sewer fund charges enough to cover its costs *and* make the annual transfer

Hospitals received federal grants under the Provider Relief Fund without providing anything in return, allowing the hospitals not to raise patient fees to replace their lost revenue

A municipal golf course receives annual funding from the city, allowing it to keep greens fees below what they otherwise would need to be to cover costs; the city gets nothing in return

MEAD ACCOUNTABILITY ADVISORS LLC

Prior GASB Guidance

MEAD ACCOUNTABILITY ADVISORS LLC

- Appropriations from another government
- Pell Grants
- Health insurance payments
- Interest revenue and lease revenue from leases
- PILOTs
- Timing of component unit implementation

New GASB Guidance

MEAD ACCOUNTABILITY ADVISORS LLC

- Donations to be used for student scholarships
- Research grants
- Taxes imposed by a business-type entity
- Passenger facility charges
- Classification and presentation of subsidies

MEAD ACCOUNTABILITY ADVISORS LLC

Operating and Nonoperating Revenue Evaluation

1

Is the revenue or inflow specifically identified in a question in a GASB Implementation Guide?

- Appropriations from another government
- Pell Grants
- Health insurance payments
- Interest revenue and lease revenue from leases
- PILOTs
- Research grants
- Donations to be used for student scholarships
- Taxes imposed by a business-type entity
- Passenger facility charges

Yes → Report as instructed by the GASB

No ↓

2

No

Is the revenue or inflow one of the following?

- Contribution to permanent or term endowment
- Financing related
- From the disposal of capital assets or inventory
- Investment income

No

Yes

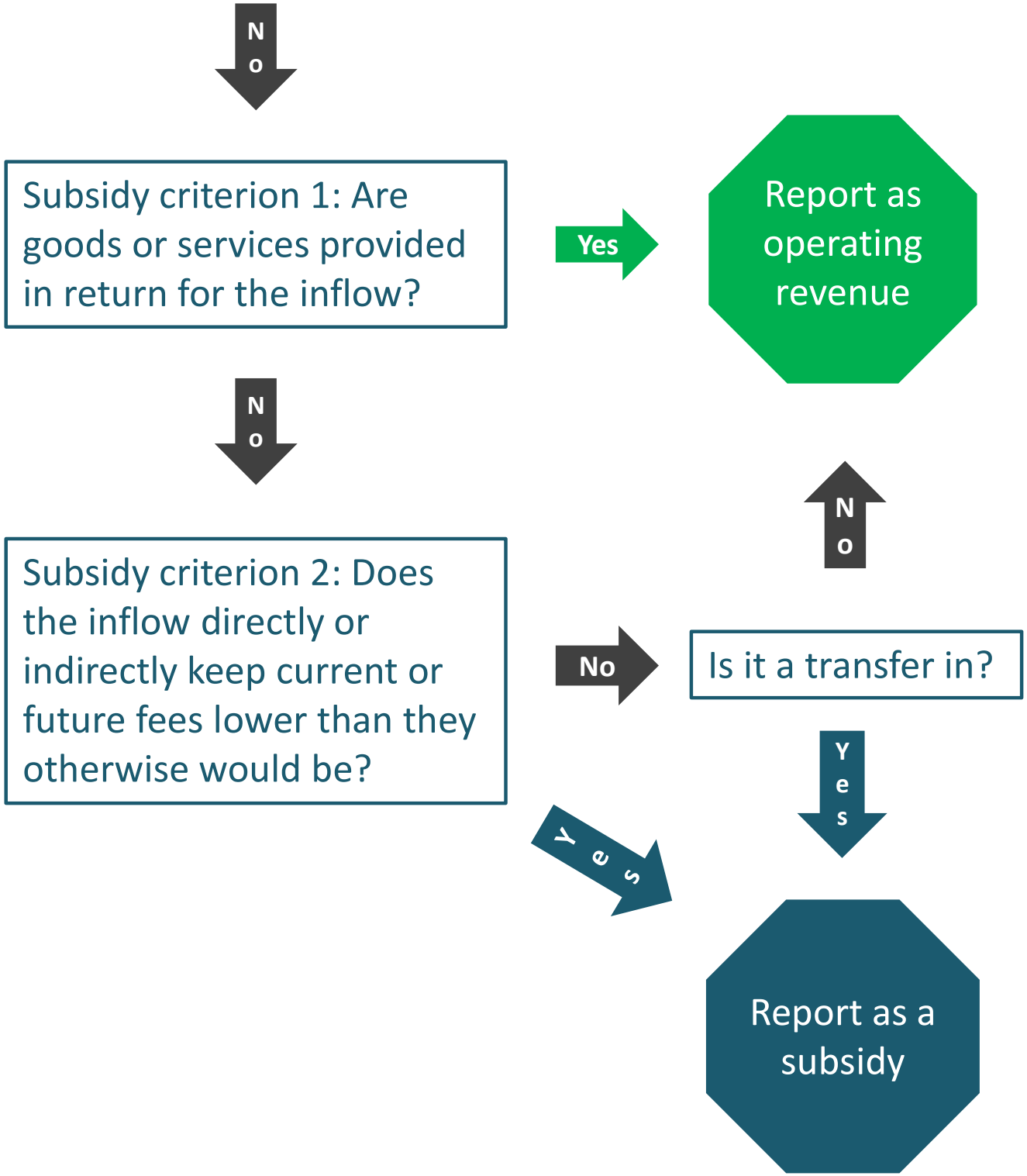
Is the revenue or inflow from a transaction that constitutes the fund's or BTA's principal ongoing operation?

Yes

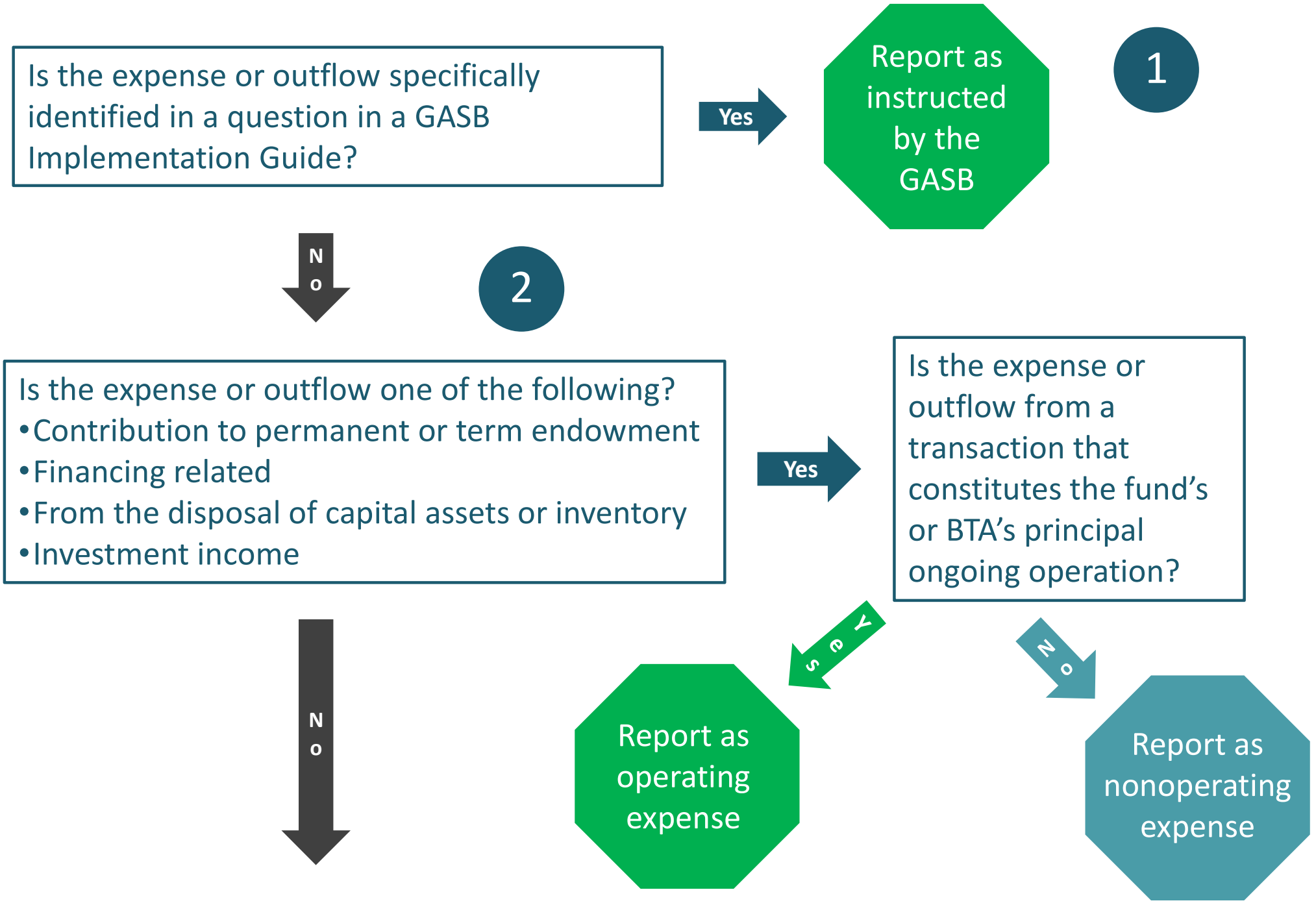
Report as operating revenue

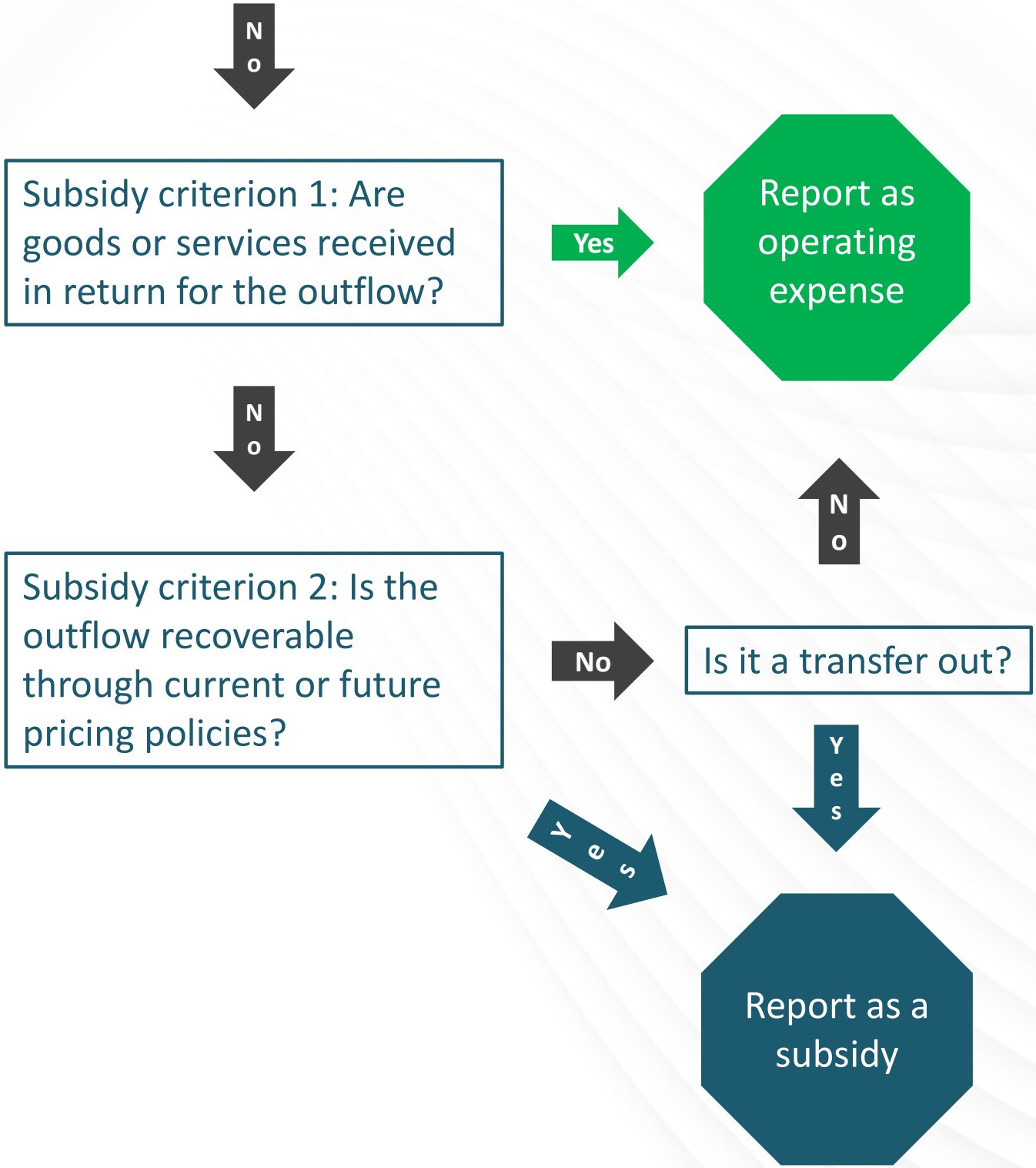
No

Report as nonoperating revenue


No
Subsidy criterion 1: Are goods or services provided in return for the inflow?
Yes
Report as operating revenue
No
Subsidy criterion 2: Does the inflow directly or indirectly keep current or future fees lower than they otherwise would be?
No
Is it a transfer in?
No
Yes
Yes
Report as a subsidy

Operating and Nonoperating Expense Evaluation




No
Subsidy criterion 1: Are goods or services received in return for the outflow?
Yes
Report as operating expense
No
Subsidy criterion 2: Is the outflow recoverable through current or future pricing policies?
No
Is it a transfer out?
No
Yes
Yes
Report as a subsidy

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

MEAD ACCOUNTABILITY ADVISORS LLC

Statement 34

Operating revenues (detailed)

Total operating revenue

Operating expenses (detailed)

Total operating expenses

Operating income (loss)

Nonoperating revenues and expenses (detailed)

Income before other revenues, expenses, gains, losses, and transfers

Capital contributions (grant, developer, and other), additions to permanent and term endowments, special and extraordinary items (detailed), and transfers

Increase (decrease) in net position

Net position—beginning of period

Net position—end of period

Statement 103

Operating revenues (detailed)

Total operating revenue

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

MEAD ACCOUNTABILITY ADVISORS LLC

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

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)

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

Source:
Statement 103

Implications of the Changes to the Statement

MEAD ACCOUNTABILITY ADVISORS LLC

As a result of Statement 103, *all* inflows and outflows in the SRECFNP are classified as revenues and expenses, respectively

Capital contributions, endowment contributions, and transfers are now considered nonoperating revenues or expenses

As a result, major fund calculations will include inflows and outflows that previously were excluded, which may affect which funds are major

Effects on Major Fund Determinations

MEAD ACCOUNTABILITY ADVISORS LLC

Major Fund Indicator (parts affected by Statement 103 **in bold**)	**Potential Impacts**
*Governmental funds**	
Total fund revenue ÷ total governmental funds revenue ≥ 10% *AND* Total fund revenue ÷ **total governmental and enterprise funds revenue** ≥ 5%	A governmental fund previously determined to be major based solely on revenue could be nonmajor+
Total fund expenditures ÷ total governmental funds expenditures ≥ 10% *AND* Total fund expenditures ÷ **total governmental expenditures and enterprise funds expenses** ≥ 5%	A governmental fund previously determined to be major based solely on expenditures could be nonmajor+
Enterprise funds	
Total fund revenue ÷ **total enterprise funds revenue** ≥ 10% *AND* **Total fund revenue** ÷ **total governmental and enterprise funds revenue** ≥ 5%	An enterprise fund previously determined to be major based solely on revenue could be nonmajor, or vice versa+
Total fund expenses ÷ total enterprise funds expenses ≥ 10% *AND* **Total fund expenses** ÷ **total governmental expenditures and enterprise funds expenses** ≥ 5%	An enterprise fund previously determined to be major based solely on expenses could be nonmajor, or vice versa+

* Except for the general fund, which is always major.
+ A fund may still qualify as major based on other financial statement elements.

Effect on Cash Flows Statements

MEAD ACCOUNTABILITY ADVISORS LLC

Reclassifications of revenues and expenses between operating and nonoperating will affect the statement of cash flows as well

- Corresponding reclassifications of cash flow categories may be necessary
- The reconciliation of operating income (loss) to net operating cash flows will need to be adjusted

Other Provisions of Statement 103

Budgetary Comparison Schedule

MEAD ACCOUNTABILITY ADVISORS LLC

Budgetary comparisons should be presented as RSI for the general fund and for each major special revenue fund that has a legally adopted annual budget

Option to report as basic financial statement is eliminated

Separate columns for the variances between (a) original and final budget amounts and (b) final budget amounts and actual budget results are ***required***

Explain significant variations between (a) original and final budget amounts and (b) final budget amounts and actual budget results in *notes to RSI*

RSI Budgetary Comparison Schedule – General Fund

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

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

Illustration from Statement 103

RSI Budgetary Comparison Schedule – Special Revenue Fund

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	16,945	680	16,934	(11)
Total budgetary expenditures	87,930	90,500	2,570	90,469	(31)
Net change in fund balances	265	(2,305)	2,570	453	2,758
Budgetary fund balance—beginning of period	4,024	4,024	-	4,024	-
Budgetary fund balance—end of period	$ 4,289	$ 1,719	$ 2,570	4,477	$ 2,758
RECONCILIATION TO GAAP BASIS					
Total fund balance GAAP basis				$ 4,477	

Illustration from Statement 103

RSI Budgetary Comparison Schedule – Notes to RSI

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.	1,692	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)	-

Illustration from Statement 103

Note to RSI

The note to RSI requires a broader discussion than the prior section of MD&A

- Discussion should cover significant variances in *both* original to final budget and final budget to actual

Need to apply professional judgment to determine which variances are significant

Remember the reconciliation to GAAP (if budgetary basis is not GAAP) and the other required budgetary disclosures:

- Description of budgetary basis of accounting
- Excesses of expenditures over appropriations in individual funds presented in the schedules

Professional Judgment

The requirement to apply professional judgment is a benefit, not a burden

In this context, significant variances are those that, if *not* explained in the note, could result in the reader making incorrect conclusions

Not all variances need to be explained

Significant Variances

GASB Budgetary Comparison Illustration	Revenue & Expense Items	Variances Explained
General fund	20	5
Special revenue fund	7	2

Major Component Units

Major component units should be reported in basic financial statements, either:

- Individually on the face of the financial statements, if it does not reduce their readability, or
- Aggregated in a single column on the face of the financial statements, and individually in combining financial statements, following the fund financial statements

The option to disclose major component units in condensed financial statements in the notes is eliminated

Individual Presentation of Major Component Units in Government-Wide Financial Statements

	Governmental Activities	Business-Type Activities	Total	El Paso Water Utilities February 28, 2025	El Paso Housing Finance Corporation December 31, 2024
ASSETS					
Cash and Cash Equivalents	$ 13,373,086	$ 9,396,782	$ 22,769,868	$ 71,949,951	$ 387,303
Cash with Fiscal Agent	5,002,484	—	5,002,484	—	—
Investments	222,520,723	242,273,500	464,794,223	18,046,311	3,232,920
Restricted Cash and Cash Equivalents	6,852,781	—	6,852,781	433,673,836	262,855
Restricted Investments	410,501,441	58,532,405	469,033,846	190,917,742	—
Receivables, Net of Allowances	142,580,930	52,665,914	195,246,844	76,059,120	159,995
Restricted Trade and Other Receivables	—	—	—	9,724,036	—
Intergovernmental Receivable	—	96,866,976	96,866,976	—	—
Leased Property Investment Cost	—	—	—	1,492,744	—
Interest Receivable	5,522,516	2,007,536	7,530,052	3,619,705	—
Other Assets	—	—	—	666,417	7,900
Lease Receivable	24,194,022	164,764,435	188,958,457	63,634,515	—
Due from Component Unit	4,946,854	6,974,437	11,921,291	—	—
Inventory	8,643,011	8,107,688	16,750,699	10,284,788	—
Prepaids	843,862	63,825	907,687	2,664,901	—
Capital Assets not being Depreciated / Amortized	648,801,621	137,331,297	786,132,918	1,306,367,661	—
Capital Assets, Net of Accumulated Depreciation/Amortization	1,032,652,747	510,466,274	1,543,119,021	1,819,960,091	3,359,126
Total Assets	2,526,436,078	1,289,451,069	3,815,887,147	4,009,061,818	7,410,099
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	3,447,932	600,775	4,048,707	1,177,690	—
Deferred Chapter 380 Agreement Obligations	29,975,345	—	29,975,345	—	—
Pension Contributions Subsequent to Measurement Date	46,677,997	10,557,007	57,235,004	5,115,311	—
Difference in Expected and Actual Pension Experience	37,764,355	10,064,672	47,829,027	7,350,175	—
Change in Assumptions for Pensions	13,574,156	6,044,978	19,619,134	4,391,161	—
Difference in Projected and Actual Earnings on Pension Investments	96,664,422	4,823,622	101,488,044	3,534,982	—
Changes in Proportionate Share for Pension	—	—	—	1,952,363	
Change in Assumptions for OPEB	13,902,915	4,371,473	18,274,388	3,461,374	—
Changes in Proportionate Share for OPEB	—	—	—	232,458	
Difference in Expected and Actual OPEB Experience	4,521,234	1,417,590	5,938,824	—	—
Total Deferred Outflows of Resources	246,528,356	37,880,117	284,408,473	27,215,514	—

Individual Presentation in Government-Wide Financial Statements

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: El Paso Water Utilities February 28, 2025	Component Units: El Paso Housing Finance Corporation December 31, 2024
Primary Government:									
Governmental Activities:									
General Government	$ 78,907,992	$ 41,226,544	$ 345,843	$ 6,289,251	$ (31,046,354)	$ —	$ (31,046,354)	$ —	$ —
Public Safety	403,574,588	25,138,605	21,101,005	6,863,836	(350,471,142)	—	(350,471,142)	—	—
Public Works	105,317,521	7,025,859	3,000,555	7,436,492	(87,854,615)	—	(87,854,615)	—	—
Public Health	42,168,233	6,583,641	15,835,096	637,222	(19,112,274)	—	(19,112,274)	—	—
Culture and Recreation	124,124,851	23,358,701	3,510,020	25,973	(97,230,157)	—	(97,230,157)	—	—
Community and Economic Development	54,623,272	12,225,029	17,168,989	281,418	(24,947,836)	—	(24,947,836)	—	—
Interest on Long-term Debt	57,435,068	—	—	—	(57,435,068)	—	(57,435,068)	—	—
Total Governmental Activities	866,151,525	115,558,379	60,961,508	21,534,192	(668,097,446)	—	(668,097,446)	—	—
Business-Type Activities:									
El Paso International Airport	70,546,672	67,422,519	4,673,105	25,251,367	—	26,800,319	26,800,319	—	—
Environmental Services	61,678,465	76,016,524	—	742,936	—	15,080,995	15,080,995	—	—
Mass Transit	103,575,152	11,402,712	21,020,397	8,649,647	—	(62,502,396)	(62,502,396)	—	—
International Bridges	10,453,282	30,609,390	—	—	—	20,156,108	20,156,108	—	—
Tax Office	2,927,979	2,660,137	—	—	—	(267,842)	(267,842)	—	—
Total Business-Type Activities	249,181,550	188,111,282	25,693,502	34,643,950	—	(732,816)	(732,816)	—	—
Total Primary Government	$ 1,115,333,075	$ 303,669,661	$ 86,655,010	$ 56,178,142	(668,097,446)	(732,816)	(668,830,262)	—	—
Component Units:									
El Paso Water Utilities	$ 379,031,560	$ 446,585,798	$ 287,100	$ 24,940,165				92,781,503	—
El Paso Housing Finance Corporation	547,918	470,266	—	—				—	(77,652)
Total Component Units	$ 379,579,478	$ 447,056,064	$ 287,100	$ 24,940,165				92,781,503	(77,652)
General Revenues and Transfers									
General Revenues:									
Taxes:									
Property Taxes, Levied for General Purposes					288,452,263	—	288,452,263	—	—
Property Taxes, Levied for Debt Service					122,020,248	—	122,020,248	—	—
Franchise Taxes					77,515,369	—	77,515,369	—	—
Sales Taxes					141,336,612	67,167,731	208,504,343	—	—
Hotel Occupancy Taxes					18,456,008	—	18,456,008	—	—
Investment Earnings					36,603,591	19,319,182	55,922,773	27,004,079	177,892
Gain on Sale of Capital Assets					1,934,743	56,511	1,991,254	1,114,529	—
Transfers					26,142,230	(26,142,230)	—	—	—
Total General Revenues and Transfers					712,461,064	60,401,194	772,862,258	28,118,608	177,892
Change in Net Position					44,363,618	59,668,378	104,031,996	120,900,111	100,240
Net Position - Beginning of Year, as Previously Presented					202,950,362	714,702,598	917,652,960	1,606,414,186	7,032,335
Restatement - Change in Accounting Principle					—	—	—	(5,036,408)	—
Net Position - Beginning of Year, as Restated					202,950,362	714,702,598	917,652,960	1,601,377,778	7,032,335
Net Position - End of Year					$ 247,313,980	$ 774,370,976	$ 1,021,684,956	$ 1,722,277,889	$ 7,132,575

Aggregated Presentation of Major Component Units

Sample City
Statement of Net Position
June 30, 20X5
(amounts expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 253,130	$ 78,702	$ 331,832	$ 60,133
Investments	528,563	-	528,563	52,203
Receivables, net	65,267	12,688	77,955	34,259
Internal balances	256	(256)	-	-
Inventories	-	465	465	2,282
Prepaid expenses	-	868	868	-
Notes receivable	-	3,558	3,558	-
Other assets	2,033	-	2,033	1,399
Capital assets:				
Nondepreciable capital assets	717,614	125,752	843,366	162,390
Depreciable capital assets, net	1,127,765	451,124	1,578,889	305,932
Total assets	2,694,628	672,901	3,367,529	618,598
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related items	88,021	2,817	90,838	4,615
OPEB-related items	506	95	601	78
Debt refundings	1,375	1,082	2,457	9,452
Total deferred outflows of resources	89,902	3,994	93,896	14,145
LIABILITIES				
Accounts payable and accrued expenses	39,728	8,793	48,521	11,725
Advances	593	14,808	15,401	622
Long-term liabilities:				
Amount due within one year				
Bonds payable	91,749	3,730	95,479	9,411
Other	26,251	593	26,844	645
Amount due in more than one year				
Bonds payable	538,899	84,069	622,968	168,359
Net pension liability	280,369	14,505	294,874	37,281
Net OPEB liability	2,901	483	3,384	2,081
Other	34,934	314	35,248	415
Total liabilities	1,015,424	127,295	1,142,719	230,539
DEFERRED INFLOWS OF RESOURCES				
Pension-related items	35,049	614	35,663	2,696
OPEB-related items	246	41	287	35
Debt refundings	-	549	549	-
Total deferred inflows of resources	35,295	1,204	36,499	2,731
NET POSITION				
Net investment in capital assets	1,216,106	489,610	1,705,716	322,982
Restricted for:				
Debt service	75,800	1,345	77,145	12,977
Capital projects	617,138	14,834	631,972	9,844
Public safety	2,149	-	2,149	-
Public works	5,713	-	5,713	-
Culture and recreation	2,286	-	2,286	-
Social and economic development	2,378	-	2,378	-
Other purposes	-	1,335	1,335	21,927
Unrestricted	(187,759)	41,272	(146,487)	31,743
Total net position	$ 1,733,811	$ 548,396	$ 2,282,207	$ 399,473

Illustration from Statement 103

Combining Statement of Net Position – Major Component Units

Sample City
Combining Statement of Net Position
Discretely Presented Component Units
6/30/20X5
(amounts expressed in thousands)

	Energy Authority	Airport	Nonmajor Component Units	Total (See Exhibit 2)
ASSETS				
Cash and cash equivalents	$ 10,928	$ 31,958	$ 17,247	$ 60,133
Investments	9,487	27,744	14,972	52,203
Receivables, net	2,946	6,486	24,827	34,259
Inventories	-	1,517	765	2,282
Other assets	-	407	992	1,399
Capital assets:				
Nondepreciable capital assets	171	147,234	14,985	162,390
Depreciable capital assets, net	7,857	252,813	45,262	305,932
Total assets	31,389	468,159	119,050	618,598
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	814	2,404	1,397	4,615
OPEB related items	42	-	36	78
Debt refundings	-	9,185	267	9,452
Total deferred outflows of resources	856	11,589	1,700	14,145
LIABILITIES				
Accounts payable and accrued expenses	1,963	6,299	3,463	11,725
Advances	-	529	93	622
Long-term liabilities:				
Short-term portion				
Bonds payable	-	8,441	970	9,411
Other	255	276	114	645
Long-term portion				
Bonds payable	-	162,164	6,195	168,359
Net OPEB liability	57	1,837	187	2,081
Net pension liability	5,656	19,308	12,317	37,281
Other	11	367	37	415
Total liabilities	7,942	199,221	23,376	230,539
DEFERRED INFLOWS OF RESOURCES				
Pension related items	245	670	1,780	2,696
OPEB related items	18	-	17	35
Total deferred inflows of resources	264	670	1,797	2,731
NET POSITION				
Net investment in capital assets	8,016	260,554	54,412	322,982
Restricted for:				
Debt service	-	9,733	3,244	12,977
Capital projects	-	1,812	8,032	9,844
Other purposes	-	-	21,927	21,927
Unrestricted	16,023	7,758	7,962	31,743
Total net position	$ 24,039	$ 279,857	$ 95,577	$ 399,473

Illustration from Statement 103

Effective Date & Transition

MEAD ACCOUNTABILITY ADVISORS LLC

Effective for fiscal years ending 6-30-26 and all reporting periods thereafter

- Component units need to implement in the same year as the primary government

Transition provisions—Change in Accounting Principle

- Applied retroactively to all periods presented in the financial statements, if practicable
- Disclose that the Statement was implemented and any financial statement line items that were affected (excluding totals and subtotals)
- If retroactive application is not practicable, disclose the reason

Unusual or Infrequent Items

MEAD ACCOUNTABILITY ADVISORS LLC

Inflows and outflows from transactions and events that are *unusual in nature, infrequent in occurrence,* or both

Should be presented last prior to the change in net position (or fund balance, or fund net position)

Inflows and outflows related to an unusual or infrequent item should be *presented separately and not netted*

For each item, disclose in notes the program, function, or identifiable activity to which the item is related, if applicable, and whether that item is within the control of management

Unusual or Infrequent Items

Transfers	(18,996)	18,996	-	-
Unusual or infrequent items — flood damage				
Grant revenues	2,500	-	2,500	-
Flood damage cleanup	(10,000)	-	(10,000)	-
Total general revenues, transfers, and unusual or infrequent item	456,996	21,090	478,086	12,527
Change in net position	117,664	9,319	126,983	3,905
Net position—beginning of period	1,616,147	539,077	2,155,224	395,568
Net position—end of period	$ 1,733,811	$ 548,396	$ 2,282,207	$ 399,473

The flood cleanup expenses are shown separately from the related state grant

Note 3—Unusual or Infrequent Items

Sample City experienced a flood during March 20X5 that was a catastrophic event outside the control of management. The City incurred damages in the amount of $10 million attributable to the functions of Public Works and Public Safety in the amounts of $8.35 million and $1.65 million, respectively. Sample City also received $2.5 million in grants from the State to assist with the cleanup effort.

Source: Statement 103

Is the Problem Solved?

MEAD ACCOUNTABILITY ADVISORS LLC

The pathway to being reported separately from other revenues and expenses/expenditures is wider, so we may see more unusual or infrequent items than extraordinary items and special items

However, the underlying definitions of “unusual nature” and “infrequency of occurrence” have not changed, and they’re the reason this requirement is so difficult to apply

How to Evaluate Unusual or Infrequent Items

MEAD ACCOUNTABILITY ADVISORS LLC

Although each year we are evaluating individual transactions and events against the criteria, we should be thinking of them as part of a class of transactions and events

- For example, instead of asking, “Were the costs of clean up and rebuilding after *this* hurricane unusual in nature and/or infrequent in occurrence from the perspective of our government?”
- Ask, “Are the costs of clean up and rebuilding after hurricanes unusual in nature and/or infrequent in occurrence from the perspective of our government?”

MEAD ACCOUNTABILITY
ADVISORS LLC

GASB Statement No. 104, *Certain Capital Asset Disclosures*

MEAD ACCOUNTABILITY
ADVISORS LLC

Detail in the Capital Asset Roll-Forward

Capital Asset	Pre-104	Post-104
Intangible right-to-use lease assets	By major class of underlying asset	By major class of underlying asset
Intangible right-to-use assets recognized by an operator in a public-public partnership (PPP)	Not specified	**By major class of underlying PPP asset**
Intangible right-to-use subscription assets	In the aggregate	In the aggregate
Other intangible assets	Not specified	**By major class of asset**

Additionally, intangible right-to-use assets should not be disclosed in the same major class as owned assets of that type

Held for Sale

MEAD ACCOUNTABILITY ADVISORS LLC

Capital assets should be classified as held for sale if:

- The government has decided to pursue the sale of the asset
- It is probable (i.e., likely to occur) that the sale will be finalized within one year of the financial statement date

Factors to consider when evaluating *probable* include:

- Whether the asset is available for immediate sale in its present condition
- Whether an active program to locate a buyer has been initiated, including putting the asset out for bid
- Market conditions for selling that type of asset
- Regulatory approvals needed to sell the asset

Classification as held for sale should be evaluated for each reporting period

Held for Sale (continued)

MEAD ACCOUNTABILITY ADVISORS LLC

Continue to report capital assets held for sale within the appropriate major class, such as in the roll-forward note

Disclose additional information about capital assets held for sale:

- Historical cost and accumulated depreciation/amortization separately
- Separately for governmental and business-type activities
- By major class of asset
- Carrying amount of debt for which capital assets held for sale are pledged as collateral, for each major class of asset

Effective Date & Transition

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

- FYEs 6-30-26, 9-30-26, 12-31-26
- Earlier application is encouraged

Transition provisions

- Applied retroactively to all periods presented in the financial statements, if practicable
- Disclose that the Statement was implemented and any financial statement line items that were affected (excluding totals and subtotals)
- If retroactive application is not practicable, disclose the reason

Capital Asset Roll-Forward Note

Capital asset activity for the year ended June 30, 20X2, was as follows (in thousands):

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

Capital Asset Roll-Forward Note

Capital asset activity for the year ended June 30, 20X2, was as follows (in thousands):

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	$ 29,484	$ 2,020	$ (4,358)	$ 27,146
Construction in progress	2,915	13,220	(14,846)	1,289
Total capital assets not being depreciated	32,399	15,240	(19,204)	28,435
Capital assets being depreciated:				
Buildings and improvements				195
Equipment				140
Road network				104
Bridge network				402
Software				998
Lease assets:				
Buildings				030
Equipment				245
Subscription assets				434
Total capital assets being depreciated				548
Less accumulated depreciation for:				
[illegible]				049)
[illegible]				883)
[illegible]				228)
[illegible]				093)
Software				628)
Lease assets:				
Buildings	(7,456)	(596)	-	(8,052)
Equipment	(5,864)	(1,782)	823	(6,823)
Subscription assets	(1,009)	(450)	209	(1,250)
Total accumulated depreciation	(49,778)	(7,325)	2,097	(55,006)
Governmental activities capital assets, net	$ 201,052	$ 28,395	$ (22,470)	$ 206,977

Lease assets shown by major class of underlying asset

A government operator with multiple PPPs would include something like this:

Public-public partnership assets:
- Toll roads
- Convention center

Subscription assets are shown on a single line

Capital Asset Roll-Forward Note

Capital asset activity for the year ended June 30, 20X2, was as follows (in thousands):

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements				46
Construction in progress				89
Total capital assets not being depreciated				35
Capital assets being depreciated:				
Buildings and improvements	40,861	334	-	41,195
Equipment	32,110	1,544	(1,514)	32,140
Road network	72,885	10,219	-	83,104
Bridge network	18,775	4,627	-	23,402
Software	2,100	548	(650)	1,998
Lease assets:				
Buildings	25,821	209	-	26,030
Equipment	20,389	2,312	(2,456)	20,245
Subscription assets	5,490	687	(743)	5,434
Total capital assets being depreciated	218,431	20,480	(5,363)	233,548
Less accumulated depreciation for:				
Buildings and improvements	(10,358)	(691)	-	(11,049)
Equipment	(9,247)	(2,676)	1,040	(10,883)
Road network	(12,405)	(823)	-	(13,228)
Bridge network	396)	(197)	-	(3,093)
Software	543)	(110)	25	(628)
Lease assets:				
Buildings	456)	(596)	-	(8,052)
Equipment	(5,864)	(1,782)	823	(6,823)
Subscription assets	(1,009)	(450)	209	(1,250)
Total accumulated depreciation	(49,778)	(7,325)	2,097	(55,006)
Governmental activities capital assets, net	$ 201,052	$ 28,395	$ (22,470)	$ 206,977

Owned assets and lease/subscription assets of the same type are separate

Capital assets held for sale are not shown separately

MEAD ACCOUNTABILITY ADVISORS LLC

Illustration from Statement 103

Capital Asset Held for Sale Note

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

Implementing Statement 104

The level of detail provisions should be relatively simple and, for many governments, won't require any effort at all (presuming they already are correctly applying the prior standards)

Some effort will be required to evaluate held for sale and establish procedures for annually collecting and evaluating information from departments and agencies

- Do capital asset already reported as held for sale, if any, meet the definition?
- More significantly, which capital assets, if any, meet the definition of held for sale?

MEAD ACCOUNTABILITY
ADVISORS LLC

GASB Statement No. 105, *Subsequent Events*

MEAD ACCOUNTABILITY
ADVISORS LLC

Why Did the GASB Issue This Statement?

MEAD ACCOUNTABILITY ADVISORS LLC

The underlying standards are over 50 years old and were brought into GASB standards through Statement 56 in 2009, but without reexamination

GASB research and outreach found:

- Significant diversity in practice, including governments (1) recognizing or disclosing as subsequent events items that did not meet the definition and/or (2) failing to recognize or disclose events that occurred that meet the definition
- Descriptions of recognized and nonrecognized events could be difficult to understand
- Governments are inconsistent in what information they disclose about subsequent events

Definition of Subsequent Events

MEAD ACCOUNTABILITY ADVISORS LLC

Subsequent events are 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

- That is the “subsequent events time frame”

The date the financial statements are available to be issued is the date at which:

- The financial statements are complete in a form and format that complies with GAAP and
- All approvals necessary for issuance have been obtained

Subsequent events are either recognized events or nonrecognized events

Definition: Recognized Events

MEAD ACCOUNTABILITY ADVISORS LLC

A subsequent event that provides evidence of conditions that existed *as of the financial statement date* that inform accounting estimates as of the financial statement date

Accounting estimates reported as of the financial statement date should reflect the effects of conditions that exited at that date, including conditions substantiated by recognized events

Identifying recognized events requires professional judgment and knowledge of the facts and circumstances

Examples

MEAD ACCOUNTABILITY ADVISORS LLC

Example 1: The bankruptcy of a major customer of a water utility during the subsequent events time frame may be indicative of the customer's deteriorating financial health at the financial statement date

- If so, the utility should incorporate the event in its measurement of uncollectible accounts receivable in the financial statements – *this is a recognized event*

Example 2: A major customer of a water utility experiences severe property damage due to a storm during the subsequent events time frame

- If so, *this is* NOT *a recognized event*
- Should be evaluated as a potential nonrecognized event

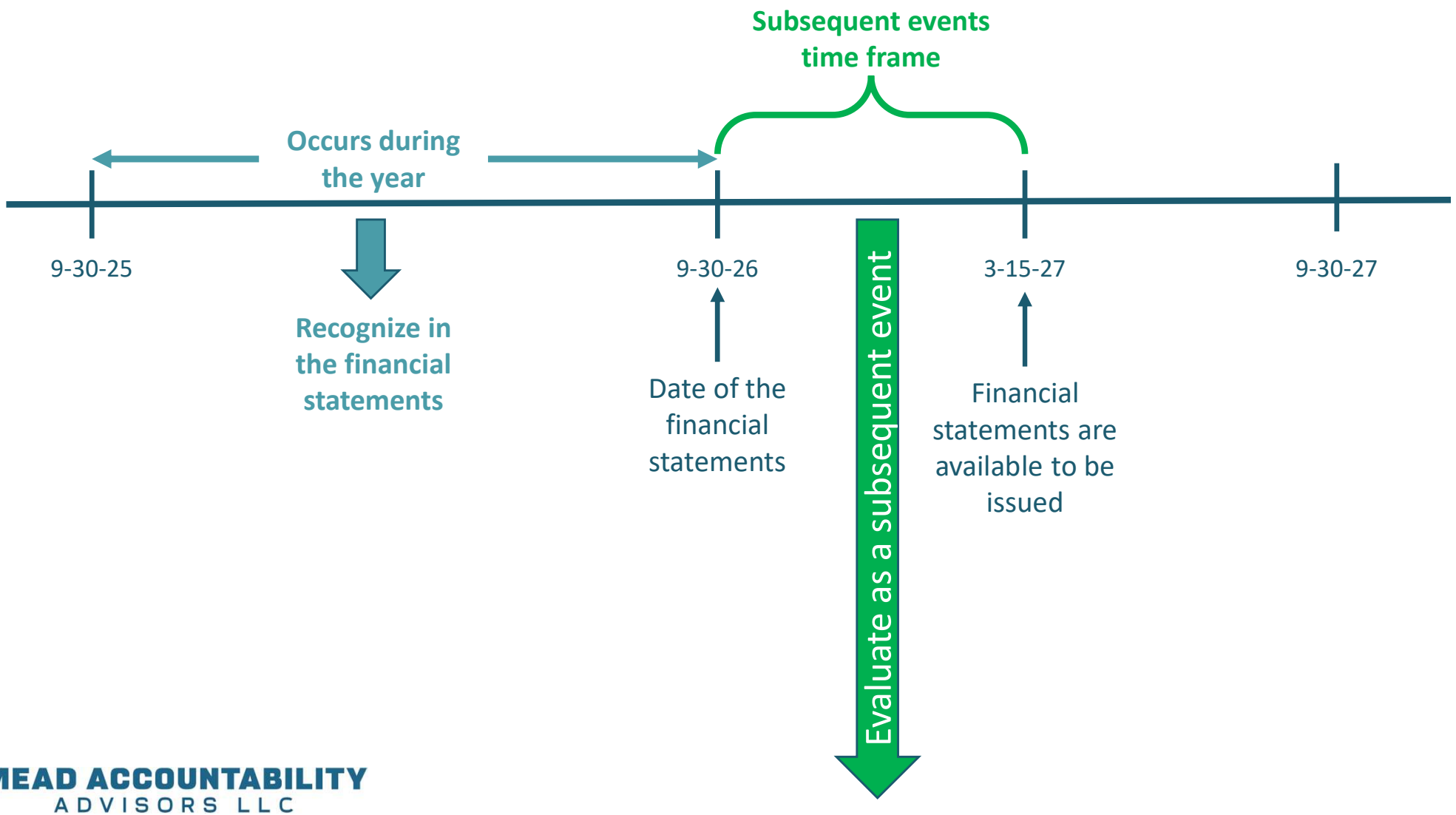
Definition: Nonrecognized Events

A subsequent event that results in a significant effect (favorable or unfavorable) that is recognized or disclosed in the basic financial statements in the reporting period in which the event occurs (i.e., the following FY) and is one of the following:

- A debt-related transaction (but not leases, SBITAs, or PPPs)
- A government combination or a disposal of government operations
- A change to the legally separate entities that comprise the financial reporting entity
- A transaction or other event that is of such a nature that the required disclosures are essential to financial statement users

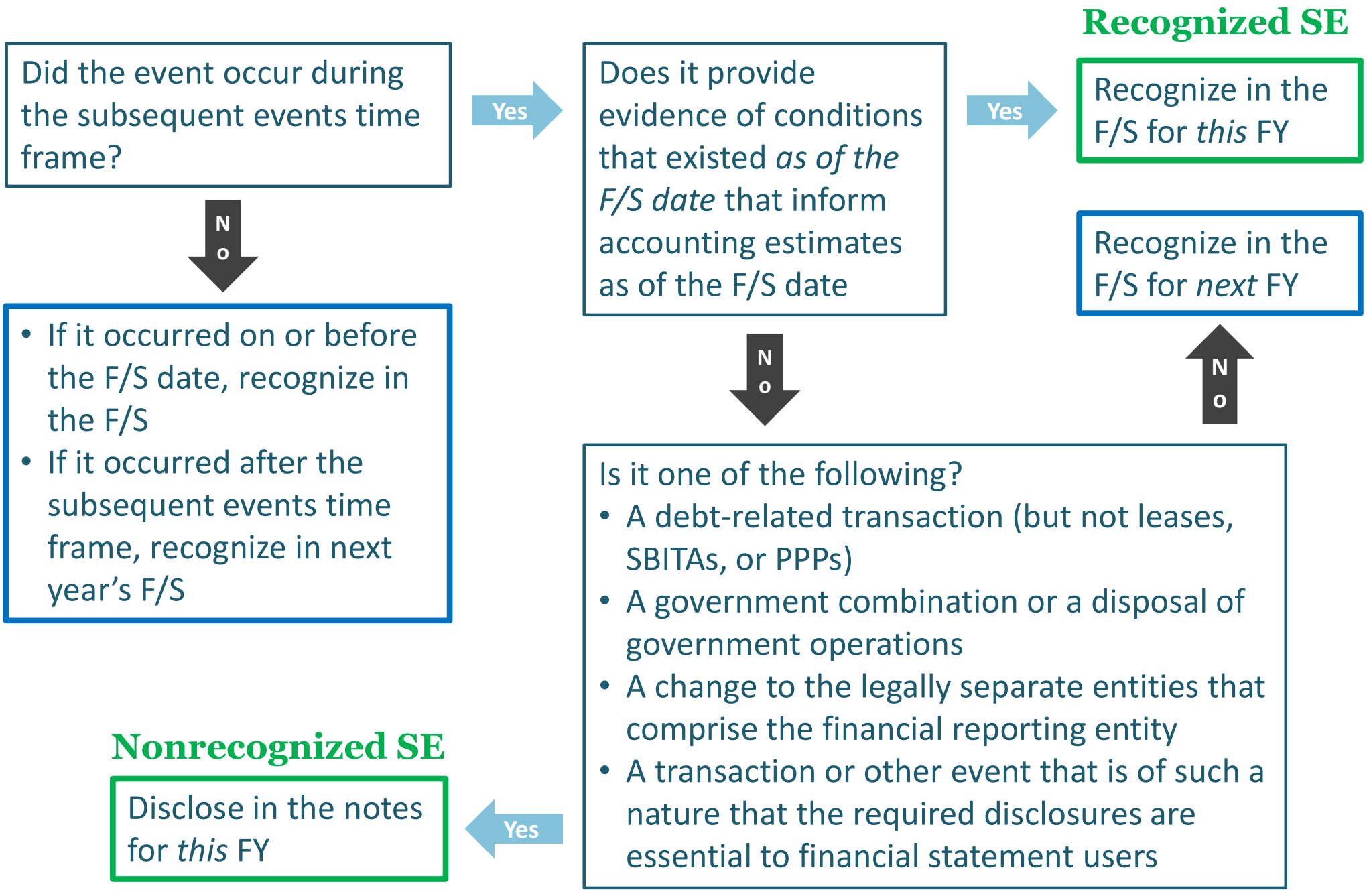
Nonrecognized events do not inform conditions that existed at the financial statement date – they should be disclosed rather than incorporated into amounts in the financial statements

Subsequent Event Evaluation



MEAD ACCOUNTABILITY ADVISORS LLC

Subsequent Event Evaluation (continued)



Effective Date & Transition

Effective for subsequent events associated with fiscal years beginning after June 15, 2026, and all reporting periods thereafter

- FYEs 6-30-27, 9-30-27, 12-31-27, 3-31-28
- Earlier application is encouraged

Should be applied prospectively

Disclosures

The date through which subsequent events have been evaluated, even if there were none

For each nonrecognized event, disclose:

- A description of the nonrecognized event and its effect
- An estimate of the amount of its effect, or the reason why an estimate of the amount cannot be made

Disclosures should correspond to the reporting units in the financial statements

Information that is the same for multiple reporting units should be combined in a manner that avoids unnecessary duplication

Potential Implementation Issues

MEAD ACCOUNTABILITY ADVISORS LLC

The new standards are better organized and written, which should help to lessen false negatives (subsequent events not being reported) and false positives (reporting events that are not subsequent events)

Nevertheless, it will still be challenging to evaluate whether a subsequent event indicates conditions that existed as of the financial statement date

Some effort may be necessary for governments whose subsequent event disclosures did not already contain the information required by Statement 105



MEAD ACCOUNTABILITY
ADVISORS LLC

Dean Michael Mead

Founder & Principal

dean@dmmead.com

LinkedIn: deanmead
Facebook: GASBguy
Threads: gasb_guy
Bluesky: @gasbguy.bsky.social

MEAD ACCOUNTABILITY
ADVISORS LLC