



GOVERNMENTAL ACCOUNTING UPDATE

YELLOW BOOK REVISION (2024) SINGLE AUDIT GASB PRONOUNCEMENTS

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AGENDA

- AICPA Government Auditing Standards and Single Audits (GAS-SA Guide)
- Government Auditing Standards (Yellow Book) Update (2024)
- Uniform Guidance (2024)
- OMB 2025 Compliance Supplement
- GASB Updates
 - GASB 102
 - GASB 103
 - GASB 104
 - Current Projects

AICPA GOVERNMENT AUDITING STANDARDS AND SINGLE AUDITS (GAS-SA GUIDE)

- What is the GAS-SA Guide
 - Recognized as an interpretive publication in the AICPA's auditing standards
 - Includes recommendations on the application of Government Auditing Standards for single audits
 - Auditors are required to consider applicable interpretative publications in planning and performing the audit
- Why the Update?
 - The last major update to the GAS-SA Guide was in 2009 in response to a 2007 federal audit quality study which concluded there were significant quality issues
- AICPA is currently providing 10 hours of webinars to review changes

AICPA GOVERNMENT AUDITING STANDARDS AND SINGLE AUDITS (GAS-SA GUIDE)

- Effective
 - AICPA Guides do not have effective dates as they do not establish requirements
 - Appendixes to the guide are included for informational purposes and have no authoritative status
 - The appendix approach allows users time to consider the new guidance and incorporate it, as appropriate, into audit practice aids and other documents used as part of a Uniform Guidance compliance audit in advance of its final issuance in the 2026 edition of the guide
 - Once the content in Appendix B is included in the body of the 2026 guide, the auditing-related content will become an interpretive publication, as defined in AU-C section 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards*
 - **AU-C section 200 requires the auditor to consider applicable interpretative publications in planning and performing the audit**

AICPA GOVERNMENT AUDITING STANDARDS AND SINGLE AUDITS (GAS-SA GUIDE)

- Reorganized
 - Reorganized the order of content to more align with how single audits are performed in practice
 - Included changes to Uniform Guidance and Government Auditing Standards 2024
- Significant Changes
 - Chapter 11
 - Chapter 12
 - Chapter 13
 - Chapter 14
 - Chapter 15

AICPA GOVERNMENT AUDITING STANDARDS AND SINGLE AUDITS (GAS-SA GUIDE)

Reorganization: A Visual of 2024 GAS-SA Guide vs. 2025 Appendix B

Ch #	2024 GAS-SA Guide Chapter Title	Ch #	2025 Appendix B Chapter Title
1 - 4	Government Auditing Standards	5	Overview of Uniform Guidance Audit Requirements
5	Single Audit Act, Uniform Guidance Audit Requirements, Compliance Supplement	6	Compliance Supplement
6	Auditor Planning Considerations Under the Uniform Guidance	7	Preliminary Engagement Activities
7	Schedule of Expenditures of Federal Awards	8	Planning Consideration
8	Determination of Major Programs	9	Schedule of Expenditures of Federal Awards
9	Consideration of Internal Control Over Compliance for Major Programs	10	Determination of Major Programs
10	Compliance Auditing Applicable to Major Programs	11	Performing Entity-Wide Procedures
11	Audit Sampling Considerations of Uniform Guidance Compliance Audits	12	Identification and Assessment of Risks of Material Noncompliance
12	Audit Considerations of Pass-Through Entities and Subrecipients	13	Testing Internal Control Over Compliance For Each Major Program
13	Auditor Reporting Requirements and Other Communication Considerations in a Single Audit	14	Testing Compliance Applicable to Each Major Program
14	Program-Specific Audits	15	Evaluation and Reporting of Findings
17		16	Reporting
		17	Completion
		18	Post Audit Considerations
		19	Program-Specific Audits

GOVERNMENT AUDITING STANDARDS (2024)

- Effective for – Financial audits, attestation engagements, and reviews of financial statements beginning on or after December 15, 2025.
- **Transition from Quality Control to Quality Management**
 - The revision shifts the focus from quality control to quality management, thus emphasizing a proactive approach to managing audit quality. This change aims to provide reasonable assurance that audits adhere to professional standards and applicable laws
- **Enhanced Emphasis on Ethics and Independence**
 - **Stricter Independence Requirements** - Auditors must now adhere to more rigorous independence criteria. The 2024 Yellow Book includes expanded guidance on non-audit services and their potential impact on auditor objectivity.
 - **Ethical Conduct** - Updates clarify expectations regarding ethical behavior and reinforce the importance of integrity, objectivity, and professional skepticism

GOVERNMENT AUDITING STANDARDS (2024)

- **Updated Competence Requirements**
 - Recognizing the increasing complexity of government operations, the revision updates competence requirements for auditors
 - **CPE** – Requires targeted Continuing Professional Education (CPE) hours in specific areas; such as cybersecurity, data analytics, and fraud detection;
 - **Specialized Training** - Encourages auditors to pursue specialized training, relevant to their audit assignments
- **Revised Quality Control Standards**
 - Chapter 5, titled "Quality Management, Engagement Quality Reviews, and Peer Review," replaces the previous chapter on quality control. This revision strengthens the framework for conducting high-quality audits; by requiring audit organizations to design, implement, and operate a system of quality management tailored to their specific circumstances.

UNIFORM GUIDANCE 2024

- Effective for awards issued on or after October 1, 2024
 - However, some provisions of Subpart F would not apply to recipients as of June 30, 2025, and would wait until June 30, 2026, due to fiscal year began July 1, 2024
 - Subpart A – Acronyms and Definitions
 - **Equipment** – Capitalization threshold increased from \$5,000 to \$10,000 for Federally funded equipment
 - **Modified Total Direct Costs** – Increased definitional threshold for up to \$50,000 (previously \$25,000) of each subaward (regardless of the period of performance of the subaward under the award)
 - **Questioned Costs** – Updated the definition to clarify and provide examples of what a questioned cost is/is not but no significant change from a policy perspective. The definitions of known and likely questioned costs were moved from 200.516 into 200.1
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UNIFORM GUIDANCE 2024

- Subpart B – General Provisions
 - Modifications were made to the mandatory disclosure requirements. Previously, an entity was required to report violations of Federal criminal law involving fraud, bribery or gratuity violations. As revised, the requirement now reads that an applicant, recipient or sub-recipient of a federal award must promptly disclose whenever it has **credible evidence** of a commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations under the false claims act.
- Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards
 - **200.201 - Use of Grants, Cooperative Agreements, Fixed Amount Subawards and Contracts** - Expanded guidance to clarify certain requirements for fixed amount subawards. Examples include clarifying that unexpended funds may be retained if the program objectives and milestones have been achieved. Other minor revisions were made that do not have a significant impact on applicability or implementation.

UNIFORM GUIDANCE 2024

- Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards (continued)
 - **200.204 – Notices of Funding Opportunities** - This section contained several changes to align with OMB’s objective of reducing administrative burden on recipients. For example, the Notice of Funding Opportunity (NOFO) must include an executive summary and a limit on the length of the published NOFO
- Subpart D – Post Federal Award Requirements
 - **200.303 – Internal Controls** - The section was updated with plain English changes, including the replacement of **non-federal entity with recipient and subrecipient**, thereby confirming the potential applicability to for-profit and foreign recipients and subrecipients

UNIFORM GUIDANCE 2024

- Subpart D – Post Federal Award Requirements
 - **200.303 – Internal Controls (continued)** - Added a requirement that a recipient/subrecipient take “reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information”. OMB did not provide a relevant framework for “cybersecurity and other measures” as was suggested in various comments on this revision. OMB indicated that they would consider the need to implement a government-wide specific framework in the future but in the interim, will leave it to the Federal agencies to consider providing more specific guidance on the topic, as appropriate
 - **200.313 – Equipment** – Threshold increased to \$10,000

UNIFORM GUIDANCE 2024

- Subpart D – Post Federal Award Requirements (continued)
 - **200.314 – Supplies** - Increased threshold from \$5,000 to \$10,000 regarding the requirement in 200.314(a) to remit unused supplies
 - **200.317 - Procurement by States and Indian Tribes** - In recognition of Tribal sovereignty, revision to permit Indian Tribes to be treated the same as States, thereby allowing them to follow their own procurement policies and procedures as opposed to those in section 200.318 – 200.327, with noted exceptions related to a requirement to comply with 200.321, 200.322, 200.323 and 200.327, as applicable
 - **200.318 – Procurement Methods** - Change in terminology to be consistent with standard terminology to change “small purchases” to “simplified acquisitions”. Clarification that “micro-purchases” and “simplified acquisitions” are types of “informal procurement methods for small purchases.”
 - **2 CFR 200.320(a)(2)(i)** – Includes slight revisions to include “the recipient or subrecipient may exercise judgment in determining what number is adequate” when referring to the number of rate quotations to be obtained

UNIFORM GUIDANCE 2024

- Subpart D – Post Federal Award Requirements (continued)
 - **200.331 – Subrecipient and Contractor Determinations** - Clarification was added to clarify that no single factor or combination of factors contained in this section is necessarily determinative. Emphasis was noted on the need for the pass-through entity to exercise judgment in classifying each agreement as a subaward or a procurement contract
 - **200.333 – Fixed Amount Subawards** - Increased the threshold for fixed amount subawards from the previous simplified acquisition threshold to \$500,000
- Subpart E - Cost Principles
 - **200.407 – Prior Written Approval** - Removal of nine categories from the list referencing prior written approval requirements

UNIFORM GUIDANCE 2024

- Subpart E - Cost Principles (continued)
 - **200.414 – Indirect Costs** - Increase in de minimus rate to an amount “**up to 15%**”. An amount up to implies that an entity may not recover an amount greater than actual indirect costs incurred.
 - Clarification to the requirement that pass-through entities must accept all federally negotiated indirect cost rates for subrecipients (200.414(d)).
 - Clarification that a recipient or subrecipient may notify OMB of any disputes with Federal agencies regarding the application of a federally negotiated indirect cost rate. However, OMB clarified they will not be a formal arbitrator of indirect cost rate disputes.

UNIFORM GUIDANCE 2024

- Subpart E - Cost Principles (continued)
 - **200.415 – Required Certifications** - Added requirements for subrecipients to certify to the pass-through entity whenever applying for funds, requesting payment, and submitting reports: “I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812.” Applies to all tiers of subrecipients.
 - **200.419 – Cost Accounting Standards** - Removed the requirement for an Institution of Higher Education (IHE) that receives an aggregate total of \$50 million or more in Federal awards and instruments subject to subpart E to submit a disclosure statement form (DS-2).

UNIFORM GUIDANCE 2024

- Subpart E - Cost Principles (continued)
 - **200.431 – Compensation – Fringe Benefits** - Provided additional information related to cash basis payments for accrued leave
 - Provides clarification on two acceptable methods for computing pension costs, pay-as-you-go method (included in original guidance) or an actuarial cost method recognized by generally accepted accounting principles (GAAP) (new) and following the recipient or subrecipient’s established **written** policies. Not a significant change to recipients as this method was included as acceptable in the past so long as it was documented in their policies
 - Requires “Payments for unfunded pension costs must be charged in accordance with the allocation principles of this subpart. Specifically, the recipient or subrecipient may not charge unfunded pension costs directly to a federal award if those unfunded costs are not allocable to that award.” This requirement was scaled back from initial FR notice that garnered much feedback. As revised, this should not create a significant burden. OMB only sought to clarify that payments for unfunded pension costs must be charged in accordance with the allocation principles of subpart E. Specifically, the recipient or subrecipient may not charge unfunded pension costs directly to a Federal award if they are not allocable to that award (e.g., for employees that did not devote time/effort to the grant).

UNIFORM GUIDANCE 2024

- Subpart F – Audit Requirements
 - **200.501 – Audit Requirements** - Increased audit threshold from \$750,000 to \$1,000,000
 - **200.512 – Report Submission** - Guidance added to allow cognizant agency for audit or oversight agency for audit to authorize an extension when the nine-month timeframe would place an undue burden on the auditee. Previously, this responsibility was solely held by OMB
 - **200.514 – Standards and Scope of Audit** - Update to reflect that the Schedule of Expenditures of Federal Awards may be prepared in accordance with GAAP or another comprehensive basis of accounting (OCBOA)
 - A statement related to the requirement for compliance testing to include tests of transactions (or other auditing procedures) necessary to support the opinion on compliance

UNIFORM GUIDANCE 2024

- Subpart F – Audit Requirements (continued)
 - **200.516 – Audit Reporting** - When the amount of known questioned costs is “not determinable” or unknown, a description of why the dollar amount was undetermined must be reported
 - **200.518 – Major Program Determination** - Increased the Type A threshold to \$1,000,000

2025 COMPLIANCE SUPPLEMENT

- 2025 released late (November 2025)
- Dual Compliance Environment
 - For awards subject to the pre-2024 Uniform Guidance (UG) (Part 3.1)
 - For awards governed by the 2024 UG revisions (effective October 1, 2024) (Part 3.2)
 - New federal awards issued on or after October 1, 2024, that apply OMB's guidance in the Uniform Guidance, but do not specifically reference which version of the guidance they apply, may be assumed to apply the revised 2024 Uniform Guidance
 - Amendments issued on or after October 1, 2024, to existing awards made before October 1, 2024, that applied a previous version of the Uniform Guidance may be assumed to continue applying the previous version of the Uniform Guidance unless the amendment explicitly applies the revised 2024 Uniform Guidance to the award

2025 COMPLIANCE SUPPLEMENT

- Dual Compliance Environment (continued)
 - As an example, for existing awards made prior to October 1, 2024, for which the federal agency had not yet implemented the 2024 UG revisions, the auditor should perform audit procedures in Part 3.1 for testing compliance requirements identified as subject to the audit. Alternatively, for new awards made as of October 1, 2024, for which the federal Agency implemented the 2024 UG revisions, or existing awards to which the 2024 UG revisions were expressly applied, the auditor should perform the audit procedures in Part 3.2 for testing compliance requirements identified as subject to the audit.
 - Although the government-wide effective date for the 2024 UG revisions was October 1, 2024, federal agencies may have elected to implement the revisions at varying times, including as early as June 21, 2024, to new awards and through amendments to existing awards, or as late as October 1, 2025
 - In addition, the Department of Health and Human Services only adopted specific sections of the 2024 UG revisions on October 1, 2024, with the remaining guidance to go into effect on October 1, 2025
 - Important Note: Auditors must not apply compliance requirements from the 2024 UG revisions in circumstances in which the federal agency has not yet applied the 2024 UG revisions to the Federal award subject to audit

2025 COMPLIANCE SUPPLEMENT

- Audit Threshold Raised
 - The Single Audit threshold will increase from **\$750,000** to **\$1,000,000** in federal awards for fiscal years beginning October 1, 2024 (**Fiscal year-ended September 30, 2025, and after**)
 - Last raised from \$500,000 to \$750,000 in 2015
 - Type A Programs – Threshold increased to **\$1,000,000** from **\$750,000** for total annual expenditures of all federal programs for a non-federal entity that are **\$34 million or less** (Previously \$25 million or less)
 - Type B Programs – Auditor is only required to perform risk assessments on Type B programs that exceed 25% of the Type A threshold
 - Minimum went from **\$187,500** to **\$250,000**

2025 COMPLIANCE SUPPLEMENT

- Audit Thresholds

TABLE 1 TO PARAGRAPH (b)(1)

Total Federal awards expended	Type A threshold
Equal to or exceed \$1,000,000 but less than or equal to \$34 million	\$1,000,000.
Exceed \$34 million but less than or equal to \$100 million	Total Federal awards expended times .03.
Exceed \$100 million but less than or equal to \$1 billion	\$3 million.
Exceed \$1 billion but less than or equal to \$10 billion	Total Federal awards expended times .003.
Exceed \$10 billion but less than or equal to \$20 billion	\$30 million.
Exceed \$20 billion	Total Federal awards expended times .0015.

2025 COMPLIANCE SUPPLEMENT

- Risk Designations
 - Programs with “Higher Risk” Designation
 - Medicaid Cluster
 - Grants to States for Medicaid (93.778)
 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare (93.777)
 - State Medicaid Fraud Control Units (93.775)
 - Abandoned Mine and Land Reclamation (AMLR) (15.252)

GASB 102 – CERTAIN RISK DISCLOSURES

- Effective – Fiscal years beginning after June 15, 2024 (June 30, 2025)
- Financial statement footnote disclosure of risks
 - When a concentration or constraint is known prior to the issuance of the financial statements
 - The concentration or constraint makes the government vulnerable to the risk of a substantial impact
 - An event(s) associated with the concentration or constraint that could cause substantial impact has occurred, has begun to occur, or more likely than not to occur within 12 months of the financial statement issuance date
 - Mitigating actions taken by the government are taken into consideration

GASB 102 – CERTAIN RISK DISCLOSURES

- Concentration
 - A lack of diversity related to an aspect of a significant inflow or outflow or resources, which may include:
 - Inflows of resources (revenues)
 - Employers or industries (property tax revenue)
 - Providers of financial resources (banks/lenders)
 - Collective bargaining agreements
 - Suppliers
 - Constraint
 - A limitation that is imposed by an **external** party or **formal action** of the Board, which may include:
 - Limitations on raising revenue, spending, or incurring debt
 - Mandated spending
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GASB 102 – CERTAIN RISK DISCLOSURES

- When disclosure is required:
 - Description of concentration or constraint
 - Description of each event that could cause a substantial impact
 - Actions taken by the government to mitigate risk
 - Only relates to the current reporting period, even if financial statements are comparative

GASB 102 – CERTAIN RISK DISCLOSURES – EXAMPLE A

- **Background:** County A, with a June 30, 2025 fiscal year-end, was notified on July 24, 2025 that the County's largest property taxpayer, XYZ Corporation, will cease operations by the end of Dec. 2025. XYZ Corporation most recently paid 25% of the County's property tax collections. Given the specialized configuration of the facilities, it is unlikely another entity will acquire or occupy the property. The County's financial statements are expected to be issued in September 2025.
- **Analysis:** County A should include a disclosure in its June 30, 2025 financial statements. The concentration of property tax revenue with XYZ Corporation is known prior to the issuance of the financial statements. The decrease in property tax revenue is likely to have a substantial impact and to occur within 12 months of the financial statements being issued.

GASB 102 – CERTAIN RISK DISCLOSURES – EXAMPLE B

- **Background:** Hospital B, with a Sept. 30, 2025 fiscal year-end, is currently negotiating with the National Nurses United, a labor union which effectively represents all the Hospital's nursing staff. Despite months of negotiations, no progress has been made towards a new collective bargaining agreement (CBA). The current CBA expires on Dec. 31, 2025. The Hospital's financial statements are to be issued no later than Nov. 30, 2025.
- **Analysis:** Hospital B should include a disclosure in its financial statements. The hospital nursing staff belonging to the same CBA represents a known concentration. The possibility of the Hospital's nursing staff walking out if no new agreement is reached by Dec. 31, 2025 would have a substantial impact on the hospital's ability to operate and provide services. Given the fact that no progress has been made toward a new CBA, a potential work stoppage is more likely than not to occur within 12 months of the date the financial statements are issued.

GASB 102 – CERTAIN RISK DISCLOSURES – EXAMPLE C

- **Background:** College C, with a June 30, 2025 fiscal year-end, has experienced a recent surge in enrollment. The College’s current instructional facilities cannot accommodate the current needs. As a result, the College’s administration approved a \$50 million expansion plan to acquire the instructional facilities of a nearby recently closed private university. The acquisition is to be funded by general obligation debt. As of June 30, 2025 the College has reached its cap on outstanding debt and is prohibited under state law from issuing additional debt. With no other available funding sources, the College will need to halt admissions and reduce its class offerings, thereby restricting tuition and fee revenue.
- During the recent state legislative session, a bill was introduced to increase the College’s debt cap by \$250 million. On January 15, 2026, the bill passed and was signed into law. The College’s financial statements are expected to be issued on January 31, 2026.
- **Analysis:** The debt cap presented a constraint that made the College vulnerable to the risk of a substantial impact due to the inability to provide adequate instructional facilities. The passage of legislation increasing the debt cap to accommodate the issuance of the necessary debt represents a mitigating factor that eliminates the constraint prior to the issuance of the financial statements. As such, no risk disclosure is considered necessary in the financial statements.

GASB 102 – CERTAIN RISK DISCLOSURES – EXAMPLE D

- **Background:** Tribe D, with a Dec. 31, 2025 year-end, operates a casino resort (Resort) that is an enterprise fund of the Tribe. The Resort has been highly profitable in recent years. On Dec. 1, 2025, the Tribe learned of plans for a competing casino to be built alongside the main highway connecting the Resort to the nearby city and airport where the majority of the Resort's guests reside or arrive from. Tribal officials estimate this new casino may reduce the Resort's guests by 40% and reduce net income by as much as 80%.
- The competing casino is still in the process of obtaining its gaming license. If approved, construction would likely begin in approximately 12-18 months, with an opening date in approximately three to four years.
- **Analysis:** The potential of a new competing casino is a risk to the operations of the Tribe and does not present a concentration or constraint, as defined by GASB 102. As such, no disclosure is required. Moreover, the likelihood of a substantial impact occurring within 12 months of the financial statements being issued is remote.

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

- Effective – Fiscal years beginning after June 15, 2025 (June 30, 2026)
- Updates GASB 34 – Basic Financial Statements and Management Discussion and Analysis for State and Local Governments (1999)
- Management’s Discussion and Analysis (MD&A)
 - Limited to the following topics in five sections
 - Overview of the financial statements
 - Financial summary
 - Detailed analyses
 - Significant capital asset and long-term financing activity
 - Currently known facts, decisions, or conditions

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

- Management's Discussion and Analysis (MD&A) (continued)
 - In addition to reporting the amounts or percentages of significant changes between reporting periods, the analysis must explain why those changes from the prior year occurred and indicate the magnitude of those changes
 - Currently known facts, decisions, or conditions must include those items expected to have a significant financial effect in the subsequent period, such as trends in relevant economic and demographic data, relevant factors used to develop the subsequent year's budget, actions taken by the government related to long-term liabilities, and actions other parties have taken that will affect the government in a subsequent period (for example, new legislation or regulations)

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

- Unusual or Infrequent Items
 - **Definition:** Unusual or infrequent items are transactions and other events that are unusual in nature or infrequent in occurrence. GASB 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, defines the terms unusual in nature and infrequency of occurrence
 - Display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources before the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows
 - Inflows and outflows related to each unusual or infrequent item must be presented on a gross basis, separately (not net)
 - Disclose in notes to financial statements the program, function, or identifiable activity to which an unusual or infrequent item is related, if applicable, and whether that item is within the control of management

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
 - Subtotals for operating income (loss) and noncapital subsidies must be presented before reporting other nonoperating revenues and expenses, in addition to the subtotals currently required on this statement.
- Operating Revenues and Expenses - **Definition:** Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

- Nonoperating Revenues and Expenses - **Definition:** Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses
 - Revenues or expenses that otherwise would be classified as nonoperating in most proprietary fund financial statements must be classified as operating revenues or operating expenses if those transactions are the proprietary fund's principal ongoing operations

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

- Information about Major Component Units in Basic Financial Statements
 - Governments must separately present each major component unit separately in the government’s statements of net position and activities if it does not reduce the readability of the statements. If readability is reduced, governments may include combining statements of major component units in the government’s basic financial statements, presented after the fund financial statements
- Budgetary Comparison Information Requirements
 - Budgetary comparison information must be presented as Required Supplementary Information (RSI); there is no longer the option to include these schedules in the basic financial statements
 - Separate columns for the variances between (a) original and final budget amounts and (b) final budget amounts and actual results must be presented
 - Explanations of significant variations between original and final budget amounts and final budget amounts and actual results must be presented in notes to RSI

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

- Financial Trends Information in the Statistical Section
 - In the statistical section of separately issued financial reports, governments engaged only in business-type activities or only in business-type and fiduciary activities present revenues by major source for their business-type activities, distinguishing between operating, noncapital subsidy, and other nonoperating revenues and expenses

GASB 104 – DISCLOSURE OF CERTAIN CAPITAL ASSETS

- Effective – Fiscal years beginning after June 15, 2025, and all reporting periods thereafter
- Separate Disclosure of Certain Capital Assets
 - Within the capital asset note disclosures, governments should disclose capital assets related to intangible assets separately
 - This includes intangible right-to-use assets associated with GASB 87 (leases), GASB 94 (right-to-use assets recognized by an operator) and GASB 96 (subscription assets), as well as any other intangible asset
 - Intangible assets should be organized by major class of asset (for example, buildings or equipment); however, intangible assets representing the right to use an underlying asset should not be disclosed within the same major class as capital assets owned by the government

GASB 104 – DISCLOSURE OF CERTAIN CAPITAL ASSETS

Governmental activities	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets, not being depreciated				
Land	\$ 24,250	\$ -	\$ -	\$ 24,250
Construction in progress	6,455	2,388	1,476	7,367
Total capital assets, not being depreciated	30,705	2,388	1,476	31,617
Capital assets being depreciated				
Buildings	48,750	3,685	-	52,435
Equipment	22,926	4,410	600	26,736
Lease assets:				
Buildings	12,200	3,840	-	16,040
Equipment	6,672	2,248	920	8,000
Subscription assets	645	212	-	857
Total capital assets being depreciated	91,193	14,395	1,520	104,068
Less accumulated depreciation and amortization for:				
Buildings	(28,740)	(3,050)	-	(31,790)
Equipment	(12,544)	(3,688)	(600)	(15,632)
Lease assets:				
Buildings	(1,480)	(1,226)	-	(2,706)
Equipment	(1,675)	(1,588)	(920)	(2,343)
Subscription assets	(209)	(152)	-	(361)
Total accumulated depreciation and amortization	(44,648)	(9,704)	(1,520)	(52,832)
Total capital assets being depreciated	46,545	4,691	-	51,236
Governmental activities capital assets, net	\$ 77,250	\$ 7,079	\$ 1,476	\$ 82,853

GASB 104 – DISCLOSURE OF CERTAIN CAPITAL ASSETS

- Capital Assets Held for Sale
 - Capital assets held for sale should be identified and disclosed within the notes to the financial statements
 - The Statement establishes **two** conditions a government should consider in determining whether a capital asset should be disclosed as held for sale:
 - The government has decided to pursue the sale
 - It is probable that the sale will be finalized within one year of the financial statement date
 - Factors to consider as to whether a sale will probably be finalized within one year of the financial statement date include, but are not limited to:
 - » Whether the asset is available for immediate sale in its present condition
 - » Whether there is an active program to locate a buyer
 - » Whether present market conditions support a sale of that type of asset
 - » Whether there are regulatory approvals necessary for a sale to occur

GASB 104 – DISCLOSURE OF CERTAIN CAPITAL ASSETS

- Capital Assets Held for Sale (continued)
 - The evaluation as to whether a capital asset is held for sale should occur each reporting period
 - Capital assets held for sale should continue to be reported within the appropriate major class of capital asset and continue to be depreciated, if applicable
 - The notes to the financial statements should also include a separate disclosure of the historical cost and accumulated depreciation or amortization by major class of capital asset held for sale
 - For capital assets held for sale that are pledged as collateral, the carrying amount of debt should be disclosed by major class of asset

GASB 104 – DISCLOSURE OF CERTAIN CAPITAL ASSETS

- Capital Assets Held for Sale Example Footnote
 - Included in capital assets are buildings that are held for sale. Those buildings are reported in governmental activities. The historical cost of the buildings held for sale is \$100,000 with accumulated depreciation of \$40,000 as of June 30, 2025. The buildings held for sale are pledged as collateral for debt with an outstanding balance of \$60,000 as of June 30, 2025

GASB UPDATES – CURRENT PROJECTS

- Subsequent Events (Reexamining GASB 56)
 - Effective fiscal years beginning after June 15, 2026
 - The requirements of this proposed Statement would improve financial reporting related to subsequent events
 - Clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events
 - Specifying the information items that are required to be disclosed about nonrecognized events
 - Recognized Events
 - A recognized event is a subsequent event that
 - Is indicative of conditions existing at the financial statement date and,
 - Informs the inputs to an accounting estimate measured as of the financial statement date
 - The effects of recognized events should be incorporated into the measurement of accounting estimates reported as of the financial statement date
 - Identifying recognized events requires professional judgment and knowledge of the facts and circumstances
-

GASB UPDATES – CURRENT PROJECTS

- Subsequent Events (continued)
 - Nonrecognized Events
 - A nonrecognized event is a subsequent event that has a significant effect (favorable or unfavorable) on the basic financial statements in the reporting period in which the event occurs and is one of the following:
 - A debt-related transaction
 - A government combination or a disposal of government operations
 - A change to the legally separate entities that compose the financial reporting entity
 - The application of an enacted tax rate that is different from the tax rate previously in effect
 - A transaction or other event that is of such a nature that the information items in paragraph 9 are essential to a user’s analysis for making decisions or assessing accountability
 - In contrast to recognized events, **nonrecognized events do not inform conditions that existed at the financial statement date, and, therefore, the effects related to nonrecognized events should not be incorporated into amounts reported as of the financial statement date in the basic financial statements**

GASB UPDATES – CURRENT PROJECTS

- Subsequent Events (continued)
 - Nonrecognized Events (continued)
 - Notes to the Financial Statements
 - The following information should be disclosed about a nonrecognized event:
 - » A description of the nonrecognized event
 - » An estimate of the effect that the nonrecognized event has on the basic financial statements for the reporting period in which the event occurs, or the reason why an estimate cannot be made
- Other Projects (Exposure Draft Expected Date)
 - Going Concern Uncertainties and Severe Stress (Q2 2026)
 - Implementation Guidance Update 2026 (Q1 2026)
 - Infrastructure Assets (Q1 2026)
 - Revenue and Expense Recognition (Q1 2027)

CONCLUSION AND QUESTIONS



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