



*Lighting the path forward*

December 10, 2024

# Navigating New GASB Standards

GASB 100 and 101

*A few things before we get started:*



**Questions?** We will be doing a Q&A session at the end of the presentation. Feel free to chat -in your question. We will try to get to as many questions as we can.



**Technical Issues?** Use the chat function to let us know about any technology/sound issues.



**We want your feedback!** A short survey will be sent out after the session, along with the recording. Please help us make these sessions even better in the future.

# Today's Agenda



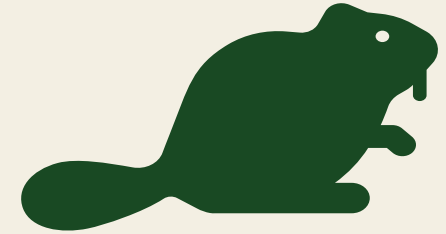
Upcoming  
Standards



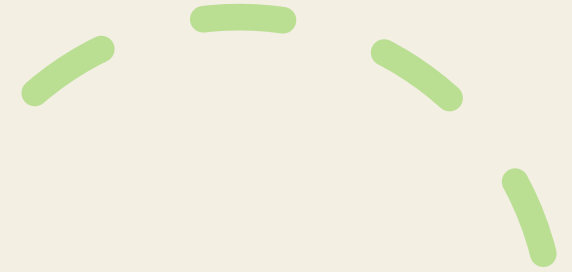
GASB 100:  
Accounting  
Changes and Error  
Corrections



GASB 101:  
Compensated  
Absences



Bonus Info!  
ARPA Obligations



# Quick View: Upcoming Standards



## 100 - Accounting Changes and Error Corrections

- Effective for periods beginning after June 15, 2023.
- FYE = 6/30/24, 9/30/24, 12/31/24, 3/31/25)

## 101-Compensated Absences

- Effective for periods beginning after December 15, 2023.
- FYE = 12/31/24, 3/31/25, 6/30/25, 9/30/25)

## 102-Certain Risk Disclosures

- Effective for periods starting after June 15, 2024.
- FYE = 6/30/25, 9/30/25, 12/31/25, 3/31/26)

## 103-Financial Reporting Model Improvements

- Effective for periods beginning after June 15, 2025.
- FYE = 6/30/26, 9/30/26, 12/31/26, 3/31/27)

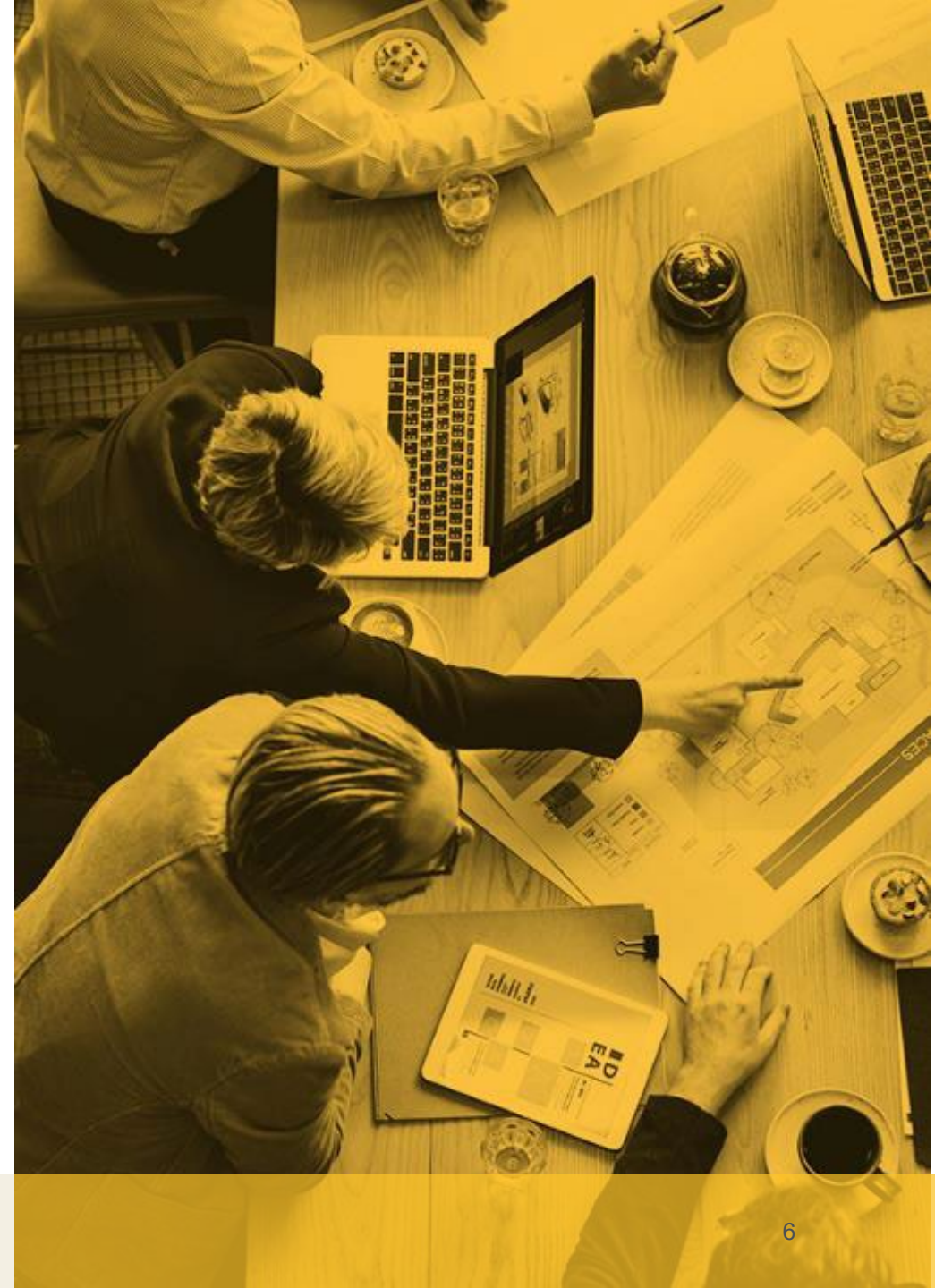
# **GASB 100**

## Accounting Changes and Error Corrections

# GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.... This Statement also addresses corrections of errors in previously issued financial statements.

*Effective for periods beginning after June 15, 2023*



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# Accounting Changes and Error Corrections

## Changes in Accounting Principal

- Adopt new standard or changes in application of GAAP (Not due to an error)
- **Restatement** of Beginning Net Position (Apply to all periods presented, as practical)

## Changes in Accounting Estimate

- Change due to change in inputs, which may have resulted from change in circumstance, new info, experience, ect.
- No Restatement

## Error Corrections

- Mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts
- **Restatement** of Beginning Net Position (Apply to all periods presented, as practical)

# Accounting Changes and Error Corrections

## Changes to or within the Reporting Entity

- Movement of operations, including blended component units
- A change in a fund's presentation as major or nonmajor
- A change in a component unit's presentation as blended or discretely presented.
  
- The Following would NOT qualify:
  - Acquisitions, mergers, or transfers of operations (as defined by Statement 69) that result in the addition or removal of a discretely presented component unit
  - A component unit reported pursuant to Statement No. 90, Majority Equity Interests.
  
- Financial Statement Change = **Adjusting** the current reporting periods beginning net position
  
- Major and nonmajor changes = **GHOST Column** (Revenue & Expenditure Statements/Schedules only)



# Application Considerations



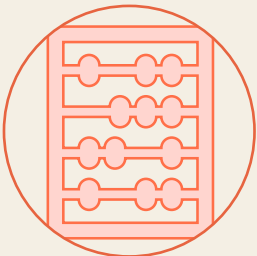
## What Does this Impact?

How prior period adjustments, restatements and changes to the reporting entity are reported within the financial statements and disclosed.



## What is changing from current practice?

- The terminology and reporting of "Prior Period Adjustments" and "Restatements".
- Presentation of reporting entity changes, including major and nonmajor fund reclassifications



## Key Takeaways

- New Accounting Standards and Error Corrections = Restatements of beginning Net Position / Fund Balance
- Reporting Entity Changes = Adjustment to beginning Net Position / Fund Balance
- Note Disclosers needed for any changes to reporting entity, error correction, estimate changes and new standard.

# Examples – Financial Statement Reporting Major Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES					
GOVERNMENTAL FUNDS					
For the Year Ended June 30, 20X2					
	General Fund	Recreation Fund	Formerly Major Fund Private Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Total revenues	\$ 139,610,043	\$ 41,194,613		\$ 34,070,858	\$ 214,875,514
<b>EXPENDITURES</b>					
Total expenditures	142,780,234	39,082,987		24,699,492	206,562,713
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	(3,170,191)	2,111,626		9,371,366	8,312,801
<b>OTHER FINANCING SOURCES (USES)</b>					
Total other financing sources (uses)	6,192,157	2,016,236		(5,926,715)	2,281,678
<b>NET CHANGE IN FUND BALANCES</b>					
	3,021,966	4,127,862		3,444,651	10,594,479
<b>FUND BALANCES, 6/30/X1, as previously presented</b>					
	27,094,293	6,646,703	2,587,439	9,705,268	46,033,703
Change within financial reporting entity (major to nonmajor fund)					
	-	-	(2,587,439)	2,587,439	-
Change to financial reporting entity (discrete to blended CU)					
				169,402	169,402
Error correction					
	194,216	-		-	194,216
<b>FUND BALANCES, 6/30/X1, as adjusted or restated</b>					
	27,288,509	6,646,703		12,462,109	46,397,321
<b>FUND BALANCES, 6/30/X2</b>					
	\$ 30,310,475	\$ 10,774,565		\$ 15,906,760	\$ 56,991,800

# Examples – Financial Statement Reporting Nonmajor Governmental Funds

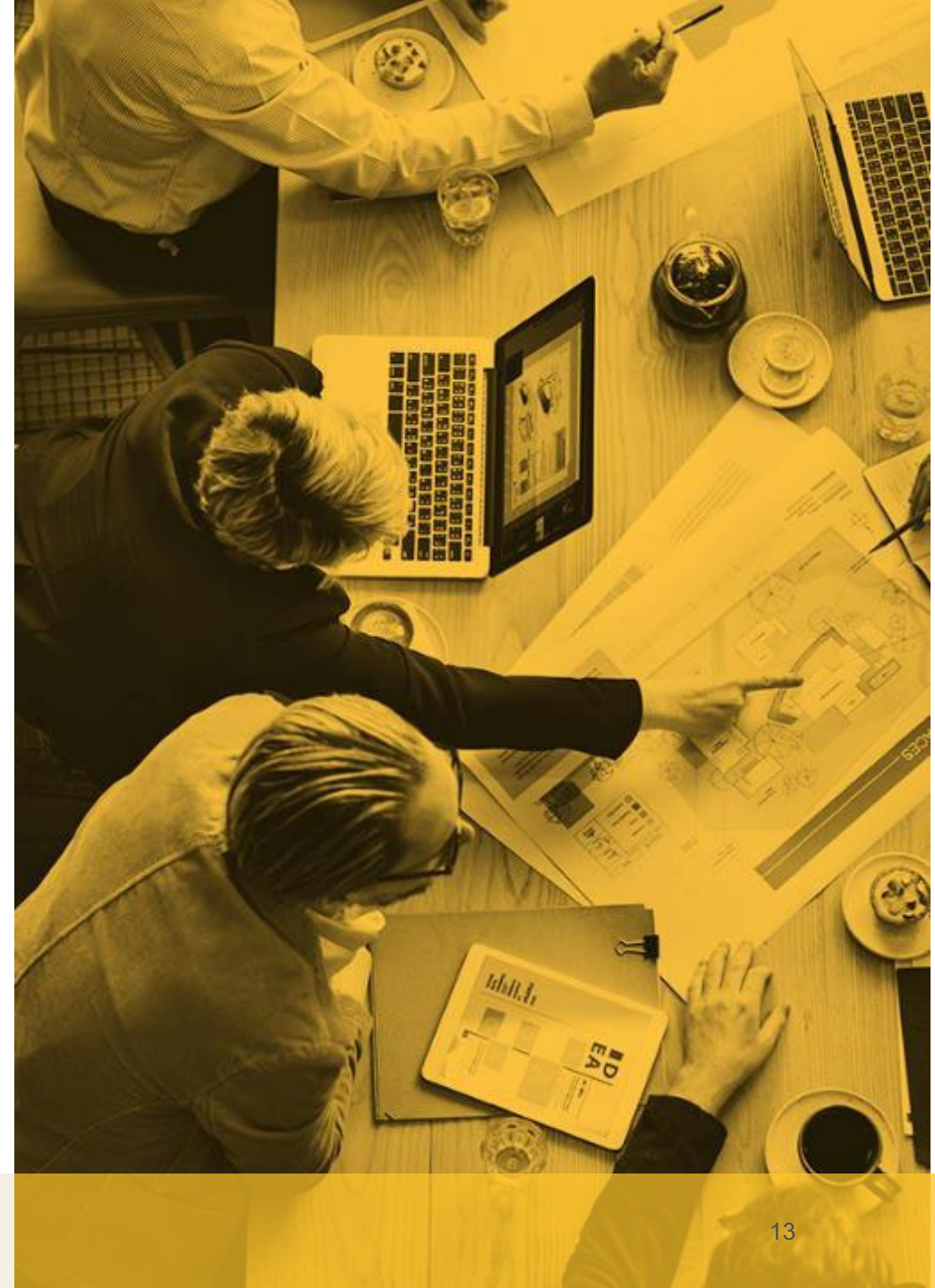
	Special Revenue Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Health Clinic (Blended CU) General Fund	Federal Grant Fund	State Grant Fund	Private Grants Fund	Art Collection Maintenance Fund	
<b>REVENUES</b>						
Total revenues	\$ 7,569,000	\$ 18,452,117	\$ 7,098,450	\$ 900,050	\$ 51,241	\$ 34,070,858
<b>EXPENDITURES</b>						
Total expenditures	201,050	17,618,312	6,037,951	800,000	42,179	24,699,492
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	7,367,950	833,805	1,060,499	100,050	9,062	9,371,366
<b>OTHER FINANCING SOURCES (USES)</b>						
Total other financing sources (uses)	(5,626,000)	-	(300,715)	-	-	(5,926,715)
<b>NET CHANGE IN FUND BALANCES</b>	1,741,950	833,805	759,784	100,050	9,062	3,444,651
<b>FUND BALANCES, 6/30/X1, as previously presented</b>	-	301,881	206,377	-	9,197,010	9,705,268
Change within financial reporting entity (major to nonmajor fund)	-	-	-	2,587,439	-	2,587,439
Change to financial reporting entity (discrete to blended CU)	169,402					169,402
Error correction		-	-	-	-	-
<b>FUND BALANCES, 6/30/X1, as adjusted or restated</b>	169,402	301,881	206,377	2,587,439	9,197,010	12,462,109
<b>FUND BALANCES, 6/30/X2</b>	\$ 1,911,352	\$ 1,135,686	\$ 966,161	\$ 2,687,489	\$ 9,206,072	\$ 15,906,760

# **GASB 101: Compensated Absences**

# GASB Statement No. 101, Compensated Absences

A compensated absence is leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits.

Effective: Periods beginning after December 15, 2023



# What is a Compensated Absence?

**Unused Leave Balances if ALL the following are true:**



1. Leave was accrued from services already performed
2. The leave accumulates
3. The leave *is more likely than not to be used or otherwise paid out*



**USED Leave balances that have yet to be paid out**

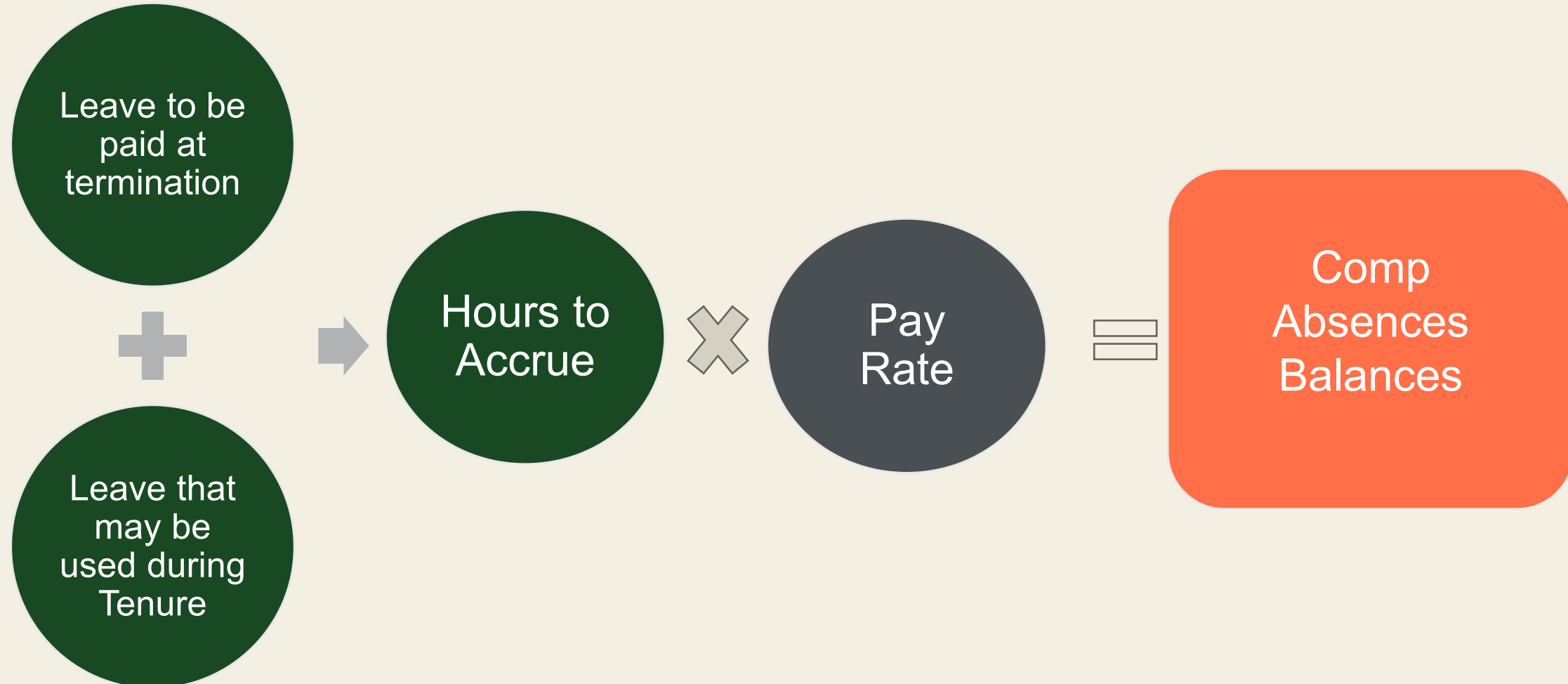
Common Examples					
Vacation	Sick Time	PTO	Sabatical Leave	ESST (If #3 Applies)	Floating Holidays

# What is NOT included

- ✓ If leave affects a small proportion of employees or is relatively sporadic in nature, it should not be recognized as compensated absences.
- ✓ Leave that will likely be settled through conversion to defined benefit postemployment benefits should not be recognized as a liability for compensated absences.

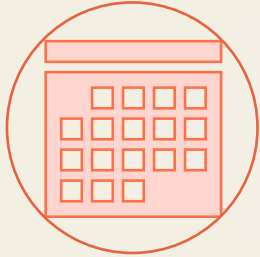
Common Exceptions			
Jury Duty	Bearevement Leave	Holiday Pay	Military Duty

# Liability Calculation and Recognition





# Application Considerations



## **Pay Rate**

A liability for leave should be measured using an employee's pay rate as of the date of the financial statements, unless the leave is expected to be paid at a rate different from the employee's pay rate at the time the payment is to be made or the leave is not attributable to a specific employee.



## **Modified vs Full Accrual**

Leave that is paid out shortly after year end should be included with salaries payable and recognized in the fund financial statements.



## **Big Change**

Evaluation of balances that may be used while the employee is still working, not just what is eligible to be paid out at termination

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# Note Disclosure Changes



In the long-term liabilities disclosure, the government may present either separate increases and decreases or a net increase or a net decrease. A government that presents a net increase or a net decrease should indicate that it is a net amount.



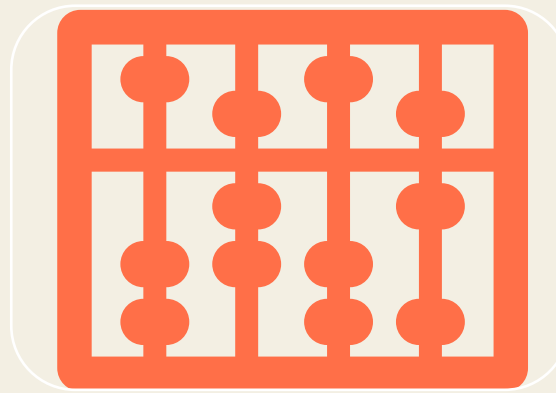
The government no longer needs to disclose which fund is intended to liquidate the compensated absences liability.

# Implementation Overview



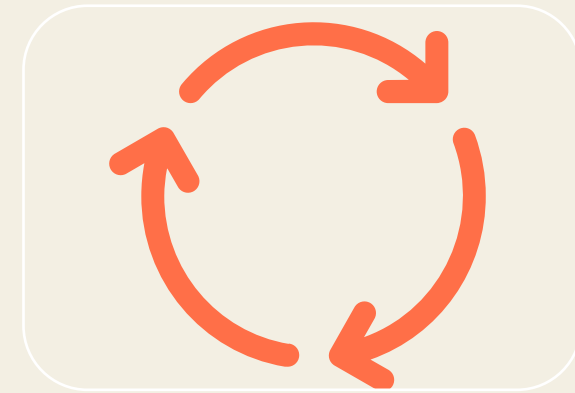
## Policy Review

List all Types of leave and determine if applicable



## Historical Use Reports

For applicable leaves, Run prior use reports to determine use estimates



## Calculate Liability

# Implementation Example

# 101: Evaluate Criteria



## Compensated Absences Evaluation

### Applicability Questions

Leave Type	Leave earned from services performed	Leave Accumulates (Carries Over)	Leave Likely to be used or paid	GASB 101 Applicable?	Notes
Vacation	Yes	Yes	Yes	Yes	80 Hours paid out at termination, up to 160 Hours can be carried over to the next year
Sick	Yes	Yes	Yes	Yes	50% paid out at termination, up to 480 Hours can be carried over to the next year
Floating Holidays	Yes	No	NA	No	Lease does not accumulate
Parental Leave	Yes	Yes	No	No	Sporadic in nature, does not apply
Sabbatical Leave	Yes	Yes	No	No	Sporadic in nature, does not apply

# 101: Evaluate Historical Use



Compensated Absences Use Evaluation					
Leave Type / Department	% of Leave Used			Average	Notes
Vacation					
					80 Hours paid out at termination, up to 160 Hours can be carried over to the next year
City Hall	30%	20%	25%	25%	
Police	40%	25%	30%	32%	
Fire	40%	25%	30%	32%	
Public Works	40%	25%	30%	32%	
Recreation	30%	20%	25%	25%	
Utilities	30%	20%	25%	25%	
Sick					
					50% paid out at termination, up to 480 Hours can be carried over to the next year
City Hall	30%	20%	25%	25%	
Police	40%	25%	30%	32%	
Fire	40%	25%	30%	32%	
Public Works	40%	25%	30%	32%	
Recreation	30%	20%	25%	25%	
Utilities	30%	20%	25%	25%	

Notes: Calculate Used based on prior amounts used during service  
 Consider removing terminations or other outliers, like pension/opeb distributions

# ARPA – Quick Obligation Reminder

- To obligate ARPA Funds, your organization must obligate those funds by entering into a contract, placing an order for services or property or entering into a transaction which requires payment.
- ARPA funds must be spent or obligated by **December 31, 2024**.
- All funds must be completely spent by December 31, 2026.



Questions?