Prepare for GASB 103 Changes: Get Ahead of the New Financial Reporting Model Earn 1 CPE credit

Tues, Oct 8 10:00ам PST

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8,539

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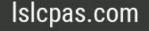
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.8,299	29,985	000	79,606		55	(24,038)			
23,621	9,133			74.	600	(26,546)			
15,500	37.106	14.5		\$1	,317	(22,413)			
42,500	36,935	9,400	69,4	11 6	8,355	(16,790)			
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009 10	600	000	43	,557	100,119	(23,882)			
		00	8	9,119	77,916	(13,182)			
4195 ⁴		11000		64,716	45.198	(13,142)			

Disclaimer

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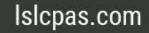


Your Presenter



Kelly Telford, CPA Consulting & Advisory Partner

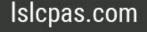






- When is GASB 103 effective?
- What's areas of the ACFR are impacted?
- What specifically needs to change?
- How should we prepare early?



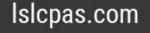


Polling Question #1

How terrified are you about what changes with GASB 103?

- Not at all...we got this!
- A little but we will survive.
- So worried that the changes are big.





WHAT WAS GASB ORIGINALLY CONSIDERING?

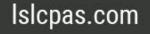




Consideration of Improvements to be Made (2016-2024)

- Evaluation of Measurement Focus and Basis of Accounting
- New format for Statement of Activities
- Possible Cash Flow Statement for Governmental Activities
- Re-evaluation of Permanent Funds
- Enhancement of MD&A
- Possible additional disclosure information related to Debt Service Funds





Progress of Project 2016-2024





Issued Documents & Materials

Final Pronouncement

Statement No. 103, Financial Reporting Model Improvements

News Release

Approved April 2024



Due Process Documents

Exposure Draft, Financial Reporting Model Improvements

Issued June 2020



News Release

Preliminary Views, Financial Reporting Model Improvements

Issued September 2018

News Release Document

Invitation to Comment, Financial Reporting Model Improvements—Governmental Funds

Video

Issued December 2016

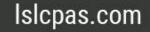
Document

News Release

DON'T PANIC.... IT'S NOT THAT BAD

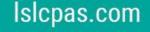






OBJECTIVE AND SCOPE OF GASB 103?

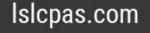




Objective and Scope

- Objective
 - To improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.
- Scope
 - Changes to:
 - MD&A
 - Unusual and Infrequent Items
 - Proprietary Fund Statements
 - Major Component Unit Information
 - Budgetary Comparison Information





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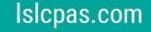
GASB 103 Information

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Standards of Governmental Accounting and Financial Reporting	
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Underutilized and often MOST IMPORTANT

WHEN IS GASB 103 EFFECTIVE?



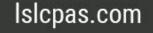


Polling Question #2

What is your fiscal year end?

- March 31
- June 30
- September 30
- December 31
- Other

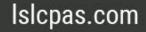




Effective Dates

	Effective Dates									
	Years Beginning	March	June	September	December					
GASB Standard	After	Year End	Year End	Year End	Year End					
99 - Omnibus 2022, paragraphs 4-10	6/15/2023	3/31/2025	6/30/2024	9/30/2024	12/31/2024					
100 - Accounting Changes and Error Corrections	6/15/2023	3/31/2025	6/30/2024	9/30/2024	12/31/2024					
101 - Compensated Absences	12/15/2023	3/31/2025	6/30/2025	9/30/2025	12/31/2024					
102 - Certain Risk Disclosures	6/15/2024	3/31/2026	6/30/2025	9/30/2025	12/31/2025					
103 - Financial Reporting Model Improvements	6/15/2025	3/31/2027	6/30/2026	9/30/2026	12/31/2026					





MD&A





A&DM

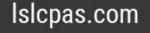
- Information presented should be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions.
- Stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed.



MD&A

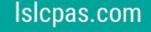
- Should discuss the CY in comparison to PY, with emphasis of CY.
 - Fact based....tell the story of what happened
 - Activities with significant positive or negative impact on CY
 - Avoid duplication of information already in the financials
 - Focus on primary government
 - Detailed analysis:
 - Explain why changes from the PY occurred and magnitude
 - Include facts, decisions or conditions that user may not be aware of
 - Fund balance analysis and summarize significant changes to each major fund
 - Currently known facts, decisions or conditions about events that will impact future results





UNUSUAL OR INFREQUENT ITEMS

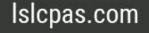




Unusual or Infrequent Items

- Unusual or infrequent items are transactions and other events that are unusual in nature or infrequent in occurrence. Statement 62 defines the terms unusual in nature and infrequency of occurrence.
- Governments should present inflows and outflows related to unusual or infrequent items individually as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

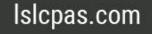




Unusual or Infrequent Items

- No extraordinary or special items, one classification now.
- Present each unusual or infrequent item separately, not netted together.
- Footnote disclosure includes the program, function, or identifiable activity that the unusual or infrequent item relates to and whether or not item was within managements control.
- GASB did not clarify the criteria used to determine special classification; remains subjective.



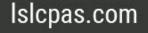


Polling Question #3

How often do you have unusual or infrequent items?

- Once in a blue moon
- Never in my tenure here
- Only when the auditors tell us to report one





PROPRIETARY FUND FINANCIAL STATEMENTS

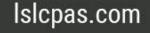




Proprietary Fund Financial Statements

- Statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses.
- 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.
- Operating revenues and expenses is everything else.

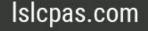




Proprietary Fund Financial Statements

- Must follow GASBs definition of operating and nonoperating instead of using agencys individual accounting policies.
 - Self-sustaining vs. subsidized approach is used.
- Optional approach to show noncapital subsidies as a part of operation income/loss if these subsidies are received on a regular basis.





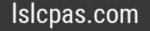
Proprietary Fund Financial Statements

Note: the noncapital subsidies is optional as operating.

LSL

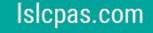
Operating revenues (detailed) Total operating revenues Operating expenses (detailed) Total operating expenses Operating income (loss) Noncapital subsidies (detailed) Total noncapital subsidies Operating income (loss) and noncapital subsidies Other nonoperating revenues and expenses (detailed) Total other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

Fund net position—end of period



MAJOR COMPONENT UNIT INFORMATION

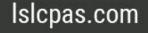




Major Component Unit Information

 Present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

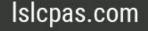




Major Component Unit Information

- GASB eliminated the option to present major component information using more than one method.
- If there are multiple major component units and readability is impacted, they may be presented in aggregate with a combining statement that shows each one after the fund financial statements as a part of the basic financial statements.





Major Component Unit Information

				Staten the Year ounts ex	Sample City ment of Activ FEnded June pressed in to m Revenues	a 30, 20X housand		Net (Expense) Revenue and Changes in Net Position						This is an alternative presentation using a combining statement (Exhibit 13) in order not to reduce the readability of this statement.		
			Ch	areas for	-	erating		apital				overnment			Com	nonont
Functions/Programs	Expenses		Charges for Services		Grants and Contributions		Grants and Contributions		Governmental Activities		Business-Type Activities			Total		ponent Jnits
Primary government:																
Governmental activities:																
General government	\$	46,059	\$	22,500	\$	-	\$	-	\$	(23,559)			\$	(23,559)		
Public safety		205,416		8,688		31,395		-		(165,333)				(165,333)		
Public works		71,308		2,948		-		8,564		(59,796)				(59,796)		
Culture and recreation		25,631		2,868		-		-		(22,763)				(22,763)		
Social and economic development		79,701		8,297		6,768		22,321		(42,315)				(42,315)		
Interest on long-term debt		25,566		-		-		-		(25,566)				(25,566)		
Total governmental activities		453,681		45,301		38,163		30,885		(339,332)				(339,332)		
Business-type activities:																
Public utility		42,687		41,003		-		2,938			\$	1,254		1,254		
Transit authority		25,826		18,636		-		-				(7,190)		(7,190)		
Golf courses		8,396		2,561		-		-				(5,835)		(5,835)		
Total business-type activities		76,909		62,200		-		2,938				(11,771)		(11,771)		
Total primary government	\$	530,590	\$	107,501	\$	38,163	\$	33,823		(339,332)		(11,771)		(351,103)		
Total component units	\$	111,018	\$	72,991	\$	16,503	\$	12,902							\$	(8,622)

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Major Component Unit Information

Sample City

Combining Statement of Activities

Discretely Presented Component Units

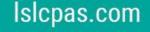
for the Year Ended June 30, 20X5 (amounts expressed in thousands) This is an alternative presentation using a combining statement in order not to reduce the readability of Exhibit 3.

			Program Revenues						Net (Expense) Revenue and Changes in Net Position								
Functions/Programs	Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Energy Authority		Airport		Nonmajor Component Units		Total		
Component units:																	
Energy authority	\$	26,925	\$	26,723	\$	-	\$	-	\$	(202)				\$			
Airport		51,306		34,520		9,237		10,168			\$	2,619			2,619		
Nonmajor component units		32,787		11,748		7,266		2,734					\$ (11,039)		(11,039)		
Total component units	\$	111,018	\$	72,991	\$	16,503	\$	12,902		(202)		2,619	(11,039)		(8,622)		
Gen	eral rev	enues:															
	Taxes:																
	Sal	es taxes								-		-	6,340		6,340		
	Pro	perty taxes								-		-	3,153		3,153		
		ent earnings								554		1,523	957		3,034		
Total general revenues										554	-	1,523	10,450		12,527		
Change in net position										352		4,142	(589)		3,905		
Net position—beginning of period										23,687		275,715	96,166		395,568		
Net position—end of period								\$	24,039	\$	279,857	\$ 95,577	\$				

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BUDGETARY COMPARISON INFORMATION

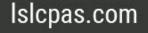




Budgetary Comparison Information

- Budgetary comparison information using a single method of communication—RSI.
- Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts.
- An explanation of significant variances is required to be presented in notes to RSI.





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)

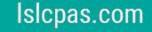
	Budgeted			Variance with Original Budget— over (under)		Budg	jetary (and	Final	ance with Budget— r (under)
0	Driginal			Fina	Budget		Basis	Actual Amounts	
\$	49,825	\$	49,825	\$	-	\$	51,442	\$	1,617
	29,750		29,750		-		30,337		587
	6,720		6,720		-		6,848		128
	1,900		1,900		-		2,295		395
	88,195		88,195				90,922		2,727
	13,665		15,305		1,640		15,083		(222)
	58,000		58,250		250		58,452		202
	16,265		16,945		680		16,934		(11)
	87,930		90,500		2,570		90,469		(31)
	265		(2,305)		2,570		453		2,758
	4,024		4,024		-		4,024		-
		Original \$ 49,825 29,750 6,720 1,900 88,195 13,665 58,000 16,265 87,930	Original \$ 49,825 \$ 29,750 6,720 1,900 88,195 13,665 58,000 16,265 87,930	\$ 49,825 29,750 6,720 1,900 88,195 80,500 16,205 16,945	Budgeted Amounts Original ove Original Final Final \$ 49,825 \$ 49,825 \$ 29,750 29,750 6,720 6,720 6,720 1,900 1,900 1,900 1,900 88,195 88,195 13,665 15,305 58,000 58,000 58,250 16,265 16,265 16,945	Budgeted Amounts Original Budget—over (under) Original Final Final Budget \$ 49,825 \$ 49,825 \$ - 29,750 29,750 - 6,720 6,720 - 1,900 1,900 - 88,195 88,195 - 13,665 15,305 1,640 58,000 58,250 250 16,265 16,945 680 87,930 90,500 2,570	Budgeted Amounts Original Budget- over (under) Budget- rinal Budget \$ 49,825 \$ 49,825 \$ - \$ \$ 29,750 29,750 - \$ 6,720 6,720 - - 1,900 1,900 - - 88,195 88,195 - \$ 13,665 15,305 1,640 58,000 58,250 250 16,265 16,945 680 87,930 90,500 2,570	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Budgeted Amounts Original Budget- over (under) Final Budget Budgetary (and GAAP) Basis Final over Actual \$ 49,825 \$ 49,825 \$ - \$ 51,442 \$ 29,750 \$ 29,750 \$ 29,750 \$ 30,337 \$ 6,720 \$ 6,720 \$ 6,720 \$ 6,848 \$ 2,295 \$ 2,295 \$ 2,295 \$ 90,922 \$ 30,337 \$ 6,848 \$ 2,295 \$ 30,337 \$ 6,848 \$ 2,295 \$ 2,295 \$ 30,337 \$ 6,848 \$ 2,295 \$ 30,337 \$ 6,848 \$ 2,295 \$ 30,337 \$ 6,848 \$ 2,295 \$ 30,337 \$ 5,8452 \$ 58,000 \$ 58,250 \$ 250 \$ 58,452 \$ 58,452 \$ 680 \$ 16,934 \$ 40,934 \$ 40,934

RECONCILIATION TO GAAP BASIS

Total fund balance GAAP basis

SO HOW DO WE PREPARE EARLY?

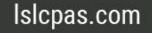




How to Prepare Early

- MD&A Update your templates early to build in more detailed explanations...remember, tell the story!
- Unusual or Infrequent Items Not likely to need preparation but stay aware and flag items that may qualify as they happen.
- Proprietary Fund Financials If you prepared your own financials, look at your format and see if it complies. You may not need to do anything but if you do, adjust your template early.
- Major Component Unit Info Review your current statements to see if this applies. Update your template early.
- Budgetary Comparison Information Most are already including as RSI and in the proper format. Review your current statements to see if updates are necessary.





Review the Example in GASB 103

https://gasb.org/page/Docume nt?pdf=GASBS%20103.pdf&tit le=GASB%20STATEMENT%2 0NO.%20103,%20FINANCIAL %20REPORTING%20MODEL %20IMPROVEMENTS



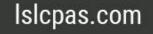
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Polling Question #4

Do you plan to prepare early to make implementation a breeze?

- Absolutely, we got this!
- We hope to, but we will see.
- We would like to but probably not.
- Not a chance...we love the stress.

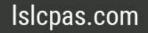






Questions







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