

The background image shows a close-up of a person's hands. One hand is holding a magnifying glass with a gold frame and a dark handle, focusing on a document. The other hand is using a black calculator. The document appears to be an invoice, with the word 'Invoice' visible at the bottom right. The scene is set on a wooden desk.

LSL

"Back to Basics" **WEBINAR**

GASB Updates: 102, 103, 104 (with projects - what's coming!)

1 CPE Credit

Wed, Sept 24
10:00 am PST

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Agenda

- GASB 102 – Certain Risk Disclosures
- GASB 103 – Financial Reporting Model Improvements
- GASB 104 – Disclosure of Certain Capital Assets
- GASB Projects

POLLING QUESTION #1

**Does your Agency historically
early implement GASB pronouncements?**

- Always
- Never
- Depends on the Pronouncement

Effective Dates

GASB Standard	Effective Dates				
	Years Beginning After	March Year End	June Year End	September Year End	December Year End
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
104 - Disclosure of Certain Capital Assets	6/15/2025	3/31/2027	6/30/2026	9/30/2026	12/31/2026

GASB 101

Compensated Absences

LSL GASB 101 Webinar Recording

- Scan the QR code below to watch the full recording at your convenience.
- Or visit <https://lslcpas.com/webinar/back-to-basics-gasb-101-compensated-absences/>



SCAN HERE

GASB 102

Certain Risk Disclosures

GASB 102 – Certain Risk Disclosures

- Implementation
 - Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- Objective is to provide financial statement users with information about risks related to government's vulnerabilities due to certain concentrations or constraints

GASB 102 – Certain Risk Disclosures

- Concentration – a lack of diversity related to an aspect of a significant inflow or outflow of resources
- Constraint – a limitation that is imposed by an external party or formal action of government's highest level of decision-making authority

GASB 102 – Certain Risk Disclosures

- Disclosure in notes to financial statements should be made if all of the following are met:
 - A concentration or constraint is known to the government prior to the issuance of the financials
 - The concentration or constraint makes the reporting unit vulnerable to risk of a substantial impact.
 - Events associated with the concentration or constraint, that could cause a substantial impact, have occurred, begun to occur, or are more likely than not to begin to occur within 12 months of the financial statement issuance date.

GASB 102 – Certain Risk Disclosures

- For each concentration or constraint disclosures should describe the following:
 - The concentration or constrain
 - Each event associated that could cause substantial impact
 - Actions taken by the government prior to the issuance of the financial statements to mitigate the risk

GASB 103

Reporting Model Changes

POLLING QUESTION #2

How familiar is your Agency with GASB 103 in advance of its effectiveness for FY 2026?

- We are Early Implementing GASB 103
- Aware of the basic concepts
- Not familiar at all. We're still recovering from GASB 87 and 96

GASB 103 – Reporting Model Changes

- Implementation
 - Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- The objective of this Statement is 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. The Statement also addressed certain application issues.

GASB 103 – Reporting Model Changes

- Management's Discussion and Analysis (MD&A)
- Unusual or Infrequent Items
- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
- Major Component Unit Information
- Budgetary Comparison Information

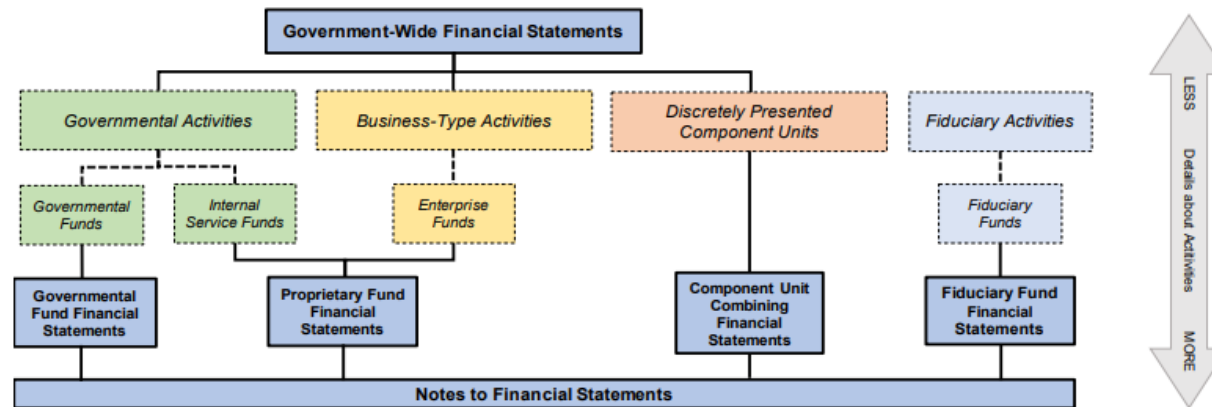
GASB 103 – Reporting Model Changes

- Management's Discussion and Analysis Sections
 - Overview of Financial Statements
 - Financial Summary
 - Detailed Analyses
 - Significant Capital Asset & Long-Term Financing Activity
 - Currently Known Facts, Decisions, or Conditions

Overview of the Financial Statements

- Overview of the basic financial statements including the relationships of the statements to each other.
- Overview should focus on significant differences in the types of information provided in each type of statement

Figure A-1. Contents of the City's Basic Financial Statements



Financial Summary

Figure A-2. Types of Information Reported in the City's Financial Statements

	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

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies, beginning on page XX.

Detailed Analyses

- Tell the story behind the numbers
- Fact based and discuss activities that had significant positive or negative impact on balances compared to the prior year
- Emphasis on why balances changed
 - Market changes or investment policy changes
- Avoid repetition
 - Reference prior discussion if explanations are relevant in multiple section
 - Refer to significant capital asset and long-term financing activity section or vice versa

Detailed Analyses – Government-Wide

Government-Wide

- Not required to analyze whether net position has improved or worsened
- Reasons for change and why and quantified magnitude
- Facts, decisions, and conditions in addition to policy changes
- Market conditions
- Internal policy changes

Fund Level

- Analysis of each major fund
- Reasons for change and why and quantified magnitude
- Restrictions, commitments, and assignments of fund balance
- Facts, decisions, and conditions in addition to policy changes
 - Market conditions
 - Internal policy changes

Significant Capital Asset and Long-Term Financing

Capital Assets

- Description of significant capital asset activity – including intangibles
- Significant additions and disposals of capital assets and changes to commitments
- Policy changes or economic factors that affected activity

Long-Term Financing

- Similar to prior presentation
- Includes debt, leases, PPPs, and SBITAs
- Changes in credit rating, debt limitations
- Policy changes or economic factors that affected activity

Currently Known Facts, Decisions, or Conditions

- Description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or that are expected to produce significant differences from current period results of operations
 - Trends in relevant economic or demographic data
 - Factors used to develop subsequent year's budget
 - Budgetary analysis moved to RSI

Unusual or Infrequent Items

- Extraordinary and Special Items are now Unusual or Infrequent Items
- Presented separately and not shown net
- Located as a separate section before the change in fund balance/net position

OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	30,649	119,681	-	150,330
Premium on debt issued	-	-	1,600	6,249	-	7,849
Payment to bond refunding escrow agent	-	-	(32,230)	-	-	(32,230)
Proceeds from the sale of capital assets	275	-	-	-	-	275
Transfers in	2,630	-	-	192	1,303	4,125
Transfers out	(662)	-	-	(18,294)	(5,680)	(24,636)
Total other financing sources (uses)	2,243	-	19	107,828	(4,377)	105,713
UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE						
Grant revenues	2,500	-	-	-	-	2,500
Cleanup	(10,000)	-	-	-	-	(10,000)
Total unusual or infrequent item	(7,500)	-	-	-	-	(7,500)
Net change in fund balances	11,983	453	2,560	71,760	3,454	90,210
Fund balances—beginning of period	55,009	4,024	65,729	548,550	14,879	688,191
Fund balances—end of period	\$ 66,992	\$ 4,477	\$ 68,289	\$ 620,310	\$ 18,333	\$ 778,401

GASB 103 – Reporting Model Changes

- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
 - The statement should distinguish between:
 - Operating revenues and expenses
 - Nonoperating revenues and expenses
 - Noncapital subsidies should be separately reported

GASB 103 – Reporting Model Changes

- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
 - Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses
 - Nonoperating revenues and expenses are
 - 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
 - Investment income and expenses

GASB 103 – Reporting Model Changes

- Subsidies are defined as:
 - Resources received from another party or fund
 - For which the proprietary fund doesn't provide goods and services to the other party or fund
 - That directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise
 - Resources provided to another party or fund
 - For which the other party or fund doesn't provide goods and services to the proprietary funds
 - That are recoverable through the proprietary fund's current or future pricing policies
 - All other transfers

Presentation of the Proprietary Fund Statement of Revenue, Expenses and Changes in Net Position

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

GASB 103 – Reporting Model Changes

- Information about Major Component Units in Basic Financial Statements
 - Should present each major component unit separately in the statements of net position and activities if it does not reduce the readability of the statements
 - If it does reduce the readability, combining statements of major component units should be included in the basic financial statements after the fund statements

GASB 103 – Reporting Model Changes

- Budgetary Comparison Information
 - Schedules should be presented as RSI for the General Fund and major special revenue funds
 - Requires separate columns for the variances between
 - Original and Final Budget Amount
 - Final Budget amounts and actual results
 - Explanation of significant variations required to be presented in the notes to RSI

GASB 103 – Reporting Model Changes

- Statistical Section
 - Governments engaged in only business-type or business-type and fiduciary activities should present revenues by major source
 - Distinguish between operating, noncapital subsidy, and other nonoperating revenues and expenses

GASB 104

Disclosure of Certain Capital Assets

POLLING QUESTION #3

Before today, how familiar were you with GASB 104?

- Very familiar
- Somewhat familiar
- Heard of it, but not sure what it covers
- This is my first time hearing about it

GASB 104 – Disclosure of Certain Capital Assets

- Effective for fiscal years beginning after June 15, 2025
- Establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34

GASB 104 – Disclosure of Certain Capital Assets

- Separate Disclosure of Certain Capital Assets:
 - Lease Assets (GASB 87) - reported by major class of underlying assets
 - Intangible right-to-use assets recognized by an operator (GASB 94) – reported by major class of asset
 - Subscription assets (GASB 96)
 - Intangible assets, by major class of asset

GASB 104 – Disclosure of Certain Capital Assets

	Primary Government		
	Beginning Balance	Increases	Ending Balance
Governmental activities:			
Capital assets not being depreciated:			
Land and improvements	\$ 29,484	\$ 2,020	\$ (4,358)
Construction in progress	2,915	13,220	(14,846)
Total capital assets not being depreciated	32,399	15,240	(19,204)
Capital assets being depreciated:			
Buildings and improvements	40,861	334	-
Equipment	32,110	1,544	(1,514)
Road network	72,885	10,219	-
Bridge network	18,775	4,627	-
Software	2,100	548	(650)
Lease assets:			
Buildings	25,821	209	-
Equipment	20,389	2,312	(2,456)
Subscription assets	5,490	687	(743)
Total capital assets being depreciated	218,431	20,480	(5,363)
Less accumulated depreciation for:			
Buildings and improvements	(10,358)	(691)	-
Equipment	(9,247)	(2,676)	1,040
Road network	(12,405)	(823)	-
Bridge network	(2,896)	(197)	-
Software	(543)	(110)	25
Lease assets:			
Buildings	(7,456)	(596)	-
Equipment	(5,864)	(1,782)	823
Subscription assets	(1,009)	(450)	209
Total accumulated depreciation	(49,778)	(7,325)	2,097
Governmental activities capital assets, net	\$ 201,052	\$ 28,395	\$ (22,470)

GASB 104 – Disclosure of Certain Capital Assets

- Capital Assets Held for Sale
 - Classified as held for sale if
 - Government has decided to pursue the sale of the asset
 - It is probable that the sale will be finalized within one year of the financial statement date.
 - Factors to consider when determining probability of sale:
 - Whether the asset is available for immediate sale in its present condition
 - Whether an active program to locate a buyer has been initiated, which may include the asset being put out for bid
 - Market conditions for selling that type of asset
 - Regulatory approvals needed to sell the asset.
 - Evaluate Annually

GASB 104 – Disclosure of Certain Capital Assets

- Capital Assets Held for Sale Reporting
 - Continue to report within the major class of asset
 - Add additional disclosure detailing:
 - Historical cost
 - Accumulated depreciation by major class of asset
 - Any carrying amount of debt for which assets held for sale are pledged as collateral

GASB 104 – Disclosure of Certain Capital Assets

- Capital Assets Held for Sale Example Disclosure
 - 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.

Current GASB Projects

Current GASB Projects

Standard Setting	Next Milestone	Expected Date
Going Concern Uncertainties and Severe Financial Stress	Comment Period	Ends 06/30/25
Infrastructure Assets	Exposure Draft	1Q2026
Revenue and Expense Recognition	Exposure Draft	4Q2025
Subsequent Events	Final Document	4Q2025

POLLING QUESTION #4

Who does your Agency task with facilitating GASB pronouncement implementations?

- Finance department/internal personnel
- External Auditors
- External or other consultants

Next Back to Basics Webinar

Wednesday, October 1, at 10:00 am PST

Back to Basics | Investments

Heather Flores, CPA – Manager, Assurance & Advisory

You can sign up to register in the follow up email you will receive after this webinar. Please give it up to 24 hours.

Questions?

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