
LSL
WEBINAR
GASB 104 & 105: Small Updates That Can Create Big Questions
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Tues, July 14
10:00AM PST

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Your LSL Presenter

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Senior Manager
Assurance & Advisory

GASB 104
Disclosure of Certain Capital Assets

POLLING QUESTION #1

Are you ready for GASB 104?

A. Absolutely! We early adopted last year.
B. Yes. We've updated all our rollforwards.
C. No. We're aware of GASB 104 but have not yet started preparing.
D. No. Isn't that what this webinar is for?

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
- Retrospective treatment

GASB 104 – Disclosure of Certain Capital Assets

Separate Disclosure of Certain Capital Assets

4. Within the note disclosures about capital assets required by paragraphs 116 and 117 of Statement 34, information about the following capital assets and related amortization should be disclosed separately:

a. Lease assets reported in accordance with Statement 87 by major class of underlying asset

b. Intangible right-to-use assets recognized by an operator in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, by major class of underlying public-public partnership asset

c. Subscription assets reported in accordance with Statement 96

d. Intangible assets other than those in subparagraphs (a), (b), and (c), by major class of asset.

Intangible assets that represent the right to use a type of underlying asset should not be disclosed in the same major class as any owned assets of that type.

GASB 104 – Disclosure of Certain Capital Assets

	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

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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 for each reporting period
  - This does NOT affect real estate/land assets held as investments for resale

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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 – no fair value disclosure required
    - 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

- Example - Surplus Fire Station
  - Council passes a resolution to declare the building as surplus and direct staff to solicit bids.
    - Satisfies criteria 1: decided to pursue sale
  - Fiscal year ended 2026: Market conditions are favorable, but fire station requires foundation work before it is attractive to buyers on the open market. The City does not expect these repairs to be completed within a year of the financial statement date.
    - Does not satisfy criteria 2: sale is not probable within one year
  - Fiscal year ended 2027: Market conditions are more favorable, repairs are completed, no regulatory approvals are needed, and the City anticipates closing within 6 months
    - Now satisfies criteria 2: sale is probable within one year of the financial statement date
    - This should be disclosed as a capital asset held for sale for the fiscal year ended 2027

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GASB 104 – Disclosure of Certain Capital Assets

- Example Disclosure from GASB 104, Appendix C
  - 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.

POLLING QUESTION #2

Do you have capital assets that would qualify as held for sale under this new standard?

A. We have several assets that likely qualify as held for sale.
B. We have one or two assets that might qualify.
C. We do not currently have any capital assets that would qualify as held for sale.
D. Not sure. What are capital assets held for sale?

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GASB 105
Subsequent Events

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POLLING QUESTION #3

Are you ready for GASB 105?

A. Absolutely! We early adopted last year.
B. Yes. We're ready to early adopt this year!
C. No. We're aware of GASB 105 but have not yet started preparing.
D. No. Isn't that what this webinar is for?

GASB 105 – Subsequent Events

- Effective for fiscal years beginning after June 15, 2026
- Prospective treatment
- Clarifies subsequent events time frame and specifies what information must be disclosed

GASB 105 – Subsequent Events

- Subsequent events occur after the fiscal year end date but before the date the financial statements are available to be issued

- Financial statements are available to be issued when:
  - They are complete in a form and format that complies with GAAP
  - The approvals necessary for issuance have been obtained

- The date through which subsequent events were evaluated must be disclosed, even if there are no subsequent events

GASB 105 – Subsequent Events

- Recognized Events
  - Events that indicate conditions that existed at the financial statement date
  - Should be incorporated into the financial statements directly (journal entry)

  - *Example from GASB 105*:
    - A water utility’s major customer files bankruptcy during the subsequent event time frame from fiscal year end to issuance date.
      - A bankruptcy indicates deteriorating financial conditions that existed at the financial statement date.
      - The bankruptcy should be considered by the utility and incorporated into the uncollectible accounts receivable estimate.

GASB 105 – Subsequent Events

- Nonrecognized Events
  - Result in a significant effect (favorable or unfavorable) that is disclosed in the basic financial statements
    - Must be one of the following:
      - Debt-related transaction
      - Government combination or disposal of government operations
      - Change to legally separate entities that make up the reporting entity
      - **Any transaction or event that would be essential to a user's analysis**
  - Disclosure only - not incorporated into the basic financial statements.
      - Include description of the event and its effect
      - Include estimated amount of the effect, or reason an estimate cannot be made

GASB 105 – Subsequent Events

- Nonrecognized Events
  - *Example from GASB 105*:
    - Water utility's major customer had a major flood after year-end.
      - The disaster is a new condition that didn't exist at year-end.
      - Impact on collectibility is nonrecognized.

      - Evaluate whether the event will have a significant effect.
      - Document your rationale for including or not including in the footnotes as a disclosure.

POLLING QUESTION #4

Are you going to Early Adopt GASB 105?

A. Absolutely! We early adopted last year.
B. Yes. We plan to early adopt 105 for FY 2026.
C. No. We plan to wait until FY 2027.
D. We haven’t decided yet.

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10:00 AM PST	10:00 AM PST	10:00 AM PST	10:00 AM PST
65	**34**	**7 + 23**	**54 + 31 + 72**

1994
GASB 65 Issued
November 1994

1999
GASB 34 Issued
June 1999

2011
GASB 7 Issued (2011)
GASB 23 Issued (2011)

2014–2016
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