



Government Accounting Standards Board (GASB) Update – June, 2025

Pamela Hill; Lead Partner,
Plante Moran, National Airport Practice

GASB Update

✈ Standards currently effective:

- GASB 99 (remaining provisions)
- GASB 100
- GASB 101
- GASB 102

✈ Standards with future implementations:

- GASB 103
- GASB 104

Implementation timeline

GASB standard	Effective years beginning after	March year-end	June year-end	September year-end	December year-end
99 — Omnibus 2022, paragraphs 4-10	June 15, 2023	March 31, 2025	June 30, 2024	Sept. 30, 2024	Dec. 31, 2024
100 — Accounting Changes and Error Corrections	June 15, 2023	March 31, 2025	June 30, 2024	Sept. 30, 2024	Dec. 31, 2024
101 — Compensated Absences	Dec 15, 2023	March 31, 2025	June 30, 2025	Sept. 30, 2025	Dec. 31, 2024
102 — Certain Risk Disclosures	June 15, 2024	March 31, 2026	June 30, 2025	Sept. 30, 2025	Dec. 31, 2025
103 — Financial Reporting Model Improvements	June 15, 2025	March 31, 2027	June 30, 2026	Sept. 30, 2026	Dec. 31, 2026
104 — Disclosure of Certain Capital Assets	June 15, 2025	March 31, 2027	June 30, 2026	Sept. 30, 2026	Dec. 31, 2026

GASB 101

Compensated Absences

Effective date

- Fiscal years beginning after Dec. 15, 2023

What is a compensated absence?

- Leave for which employees may receive one or more:
 - Cash payment (for time off or otherwise)
 - Noncash settlement (such as conversion to a postemployment benefit)

Liability Recognition

Leave that hasn't been used:

(a) Attributable to services already performed.

(b) Accumulates.

(c) More likely than not to be used for time off or otherwise paid in cash or settled.

Also, recognize leave that has been used but not yet paid in cash or settled.

Exceptions

- ✈️ Leave more likely than not to be settled through conversion to defined benefit postemployment benefits.
- ✈️ Leave dependent upon occurrence of sporadic events that impact a small population of employees (parental leave, jury duty, military leave).
- ✈️ Unlimited leave and holiday leave taken on specific dates.

Measurement of Liability



Use employee's pay rate as of the date of the financial statements unless:



Amount will be paid out at a different rate
(like at half their pay rate)



If settled through noncash means, measured based on amount for which it's
more likely than not to be settled



Consider salary-related payments (like the employer share
of Social Security or Medicare taxes)

GASB 102

Certain Risk Disclosures

Effective date

- Fiscal years beginning after June 15, 2024

Impacts disclosures only

- Provides users better information to understand and anticipate certain risks to a government's financial condition

Concentrations or constraints

Vulnerabilities that limit a government's ability to acquire resources or control spending

Concentration: Lack of diversity related to an aspect of a significant inflow of resources or outflow of resources



Concentrations or constraints

Constraint: Limitation imposed by an external party or by formal action of a government's highest level of decision-making authority

Limits on
raising
revenue

Limits on
spending

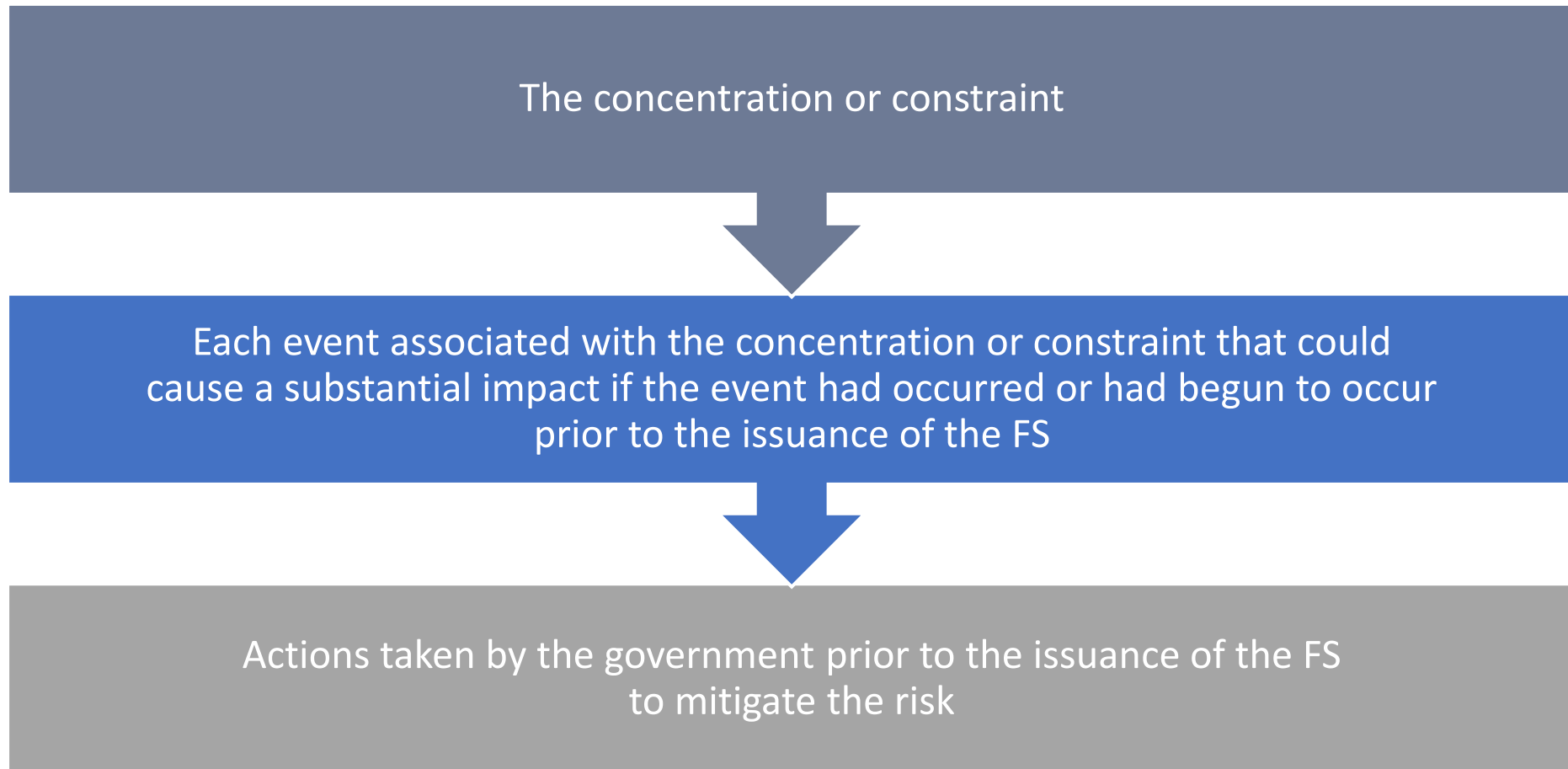
Limits on the
incurrence
of debt

Mandated
spending

Criteria for disclosure

- ✈ Disclosures required if ALL of the following are met:
- Concentration or constraint is known prior to the issuance of the FS
 - Concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact
 - Event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the FS are issued

What to disclose



Financial Reporting Model Improvements

Effective date

- Fiscal years beginning after June 15, 2025

Objective

- 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.

Financial Reporting Model Improvements

Overview

- MD&A
- Operating vs. nonoperating (proprietary funds)
- Presentation of proprietary funds
- Budgetary comparisons
- Unusual or infrequent items
- Major component unit presentation
- Statistical section

Financial Reporting Model Improvements

✈ MD&A

- Presented in 5 sections
 1. Overview of Financial Statements
 2. Financial Summary
 3. Detailed Analyses
 4. Significant Capital Asset and Long-Term Financing Activity
 5. Currently Known Facts, Decisions, or Conditions
- Must explain why balances/results of operations changed rather than just presenting numbers
- Avoid Redundancy
- Primary government focus

Financial Reporting Model Improvements

- ✈ Operating vs. nonoperating (proprietary funds)
 - ✈ Proprietary fund statement of revenues, expenses, and changes in fund net position should continue to distinguish between operating and nonoperating revenues and expenses.
 - ✈ Operating revenues and expenses are defined as revenues and expenses other than 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
 - 5) investment income and expenses

Financial Reporting Model Improvements

- ✈ Presentation of proprietary funds
 - ✈ A subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.
 - ✈ Subsidies are defined as
 - 1) resources received from another party or fund
 - a) for which the proprietary fund does not provide goods and services to the other party or fund and
 - b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise
 - 2) resources provided to another party or fund
 - a) for which the other party or fund does not provide goods and services to the proprietary fund and
 - b) that are recoverable through the proprietary fund's current or future pricing policies
 - 3) all other transfers.

Financial Reporting Model Improvements

- ✈ Unusual or infrequent items
 - ✈ Governments are required to display the inflows and outflows related to each unusual or infrequent item separately 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
- ✈ 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 should present revenues by major source for their business-type activities, distinguishing between operating, noncapital subsidy, and other nonoperating revenues and expenses.

Disclosure of Certain Capital Assets

Effective date

- Fiscal years beginning after June 15, 2025

Objective

- Improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

- ✈ This Statement requires certain types of capital assets to be disclosed separately in the capital assets roll forward note disclosure required by Statement 34.
- Lease assets reported in accordance with Statement 87 by major class of underlying asset
 - 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
 - Subscription assets reported in accordance with Statement 96
 - Intangible assets other than those in subparagraphs (a), (b), and (c), by major class of asset.

✈️ Capital Assets Held for Sale

- ✈️ Required disclosure under this standard
- ✈️ A capital asset is considered held for sale if the government has decided to sell it and it is likely that the sale will be completed within one year of the financial statement date.
- ✈️ Evaluation Criteria: Factors to determine if a sale is probable within one year include:
 - ✈️ Asset availability for immediate sale in its current condition.
 - ✈️ Initiation of an active program to find a buyer, such as putting the asset out for bid.
 - ✈️ Market conditions for selling the asset type.
 - ✈️ Necessary regulatory approvals for the sale.

✈️ Capital Assets Held for Sale

- ✈️ Periodic Evaluation: Governments should assess whether a capital asset is held for sale in each reporting period.
- ✈️ Reporting and Disclosure:
 - ✈️ Capital assets held for sale should be reported within their major class.
 - ✈️ Disclosures in financial statement notes should include historical cost and accumulated depreciation (or amortization) by major class.
 - ✈️ Disclose the carrying amount of debt for which these assets are pledged as collateral.
 - ✈️ Disclosures should cover both governmental and business-type activities.

Q&A
