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GASB Update

May 9, 2024



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Learning Objectives

At the end of the session, you will be able to:



Recognize new accounting standards that need to be applied



Recognize the new accounting standards presented and incorporate them into the participants daily work as well as year end financial statement preparation



Recognize how new accounting guidance will impact the state going forward





GASB 100 Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62

Effective date is fiscal years beginning after June 15, 2023
(6/30/24 & 12/31/24)



GASB Statement No. 62 Categories

Prior-Period
Adjustments

Change in
Accounting
Principle

Change in
Accounting
Estimate

Change in the
Reporting Entity

Correction of an
Error



GASB Statement No. 100 Categories

~~Proprietary
Advisory~~

Change in
Accounting
Principle

Change in
Accounting
Estimate

Change to or
within the
Financial Reporting
Entity

Error Correction



Change In Accounting Principle

- Change from one generally accepted accounting principle to another
 - Only when the new accounting principle is preferable considering qualitative characteristics of financial reporting - understandability, reliability, relevance, timeliness and comparability.
- Implementation of new accounting pronouncement
 - Think GASB 84, 87, and 96.
- Reported retroactively by restating beginning fund balance or net position as needed
- Additional note disclosures are applicable
- Most common one you will encounter (hopefully)



Not A Change In Accounting Principle

Events that are clearly different in substance

Occurring for the first time

Previously insignificant



Change In Accounting Principles (Continued)

- Additional Note Disclosures Required – Update to Note 1: Summary of Significant Accounting Policies
- Restatement of Note Disclosure beginning balances

22. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease asset and liabilities for leases that were previously classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The County adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. Beginning fund balance/net position was not restated due to the implementation of GASB 87. The implementation of this standard resulted in the County reporting right-to-use assets and a lease liability as disclosed in Note 3.A.3. and Note 3.C and leases receivable and deferred inflows related to leases as disclosed in Note 3.A.4.

Governmental Activities

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 6,065,000	\$ -	\$ 3,415,000	\$ 2,650,000	\$ 555,000
Bond Premium	282,220	-	99,966	182,254	-
Total Bonds Payable	6,347,220	-	3,514,966	2,832,254	555,000
Compensated Absences	3,225,493	3,218,730	3,061,931	3,382,292	169,115
Lease Liability	348,603	113,575	78,853	383,325	99,439
Governmental Activity					
Long-Term Liabilities	<u>\$ 9,921,316</u>	<u>\$ 3,332,305</u>	<u>\$ 6,655,750</u>	<u>\$ 6,597,871</u>	<u>\$ 823,554</u>

*The beginning balance of long-term liabilities were restated due to the implementation of GASB Statement No. 87.



Change In Accounting Estimate

- Estimates are amounts subject to measurement uncertainty
- Should be justified on basis that the newly adopted measurement methodology is preferable to the previous methodology used
 - Basis for determination – understandability, reliability, relevance, timeliness, consistency and comparability
- Reported prospectively by recognizing the change in accounting estimate in the reporting period in which change occurs
- Additional note disclosures are applicable



Notes For Change In Accounting Estimate



Nature of the change in accounting estimate – including financial statement line items affected



Change in measurement methodology

Reason for change

Explanation of why new measurement methodology is preferable – Exception if required by GASB pronouncement

Change In Accounting Estimate (Continued)

- GASB added some clarification between an actual change in accounting estimate and an error correction:
 - Were there facts about conditions that existed as of the financial statement date that should have been taken into account when developing the estimate?
 - Could it be reasonably expected the government should have known about the facts at the time the estimates were prepared?
- If you answer yes to both of those questions, the most likely result is this was an error correction.



Potential Change in Accounting Estimate Examples

OPEB Liability

Net Pension
Liability

Landfill Post-
Closure Liability

If measurement methods for any of these were changed due to a new preferable method, the results would be adjusted through the current year.



Change To Or Within The Financial Reporting Entity

- Addition/removal of a fund resulting from movement of continuing operations within the primary government (including blended CUs)
- A change in a fund's presentation as major or nonmajor
- Addition or removal of a component unit, except for those included pursuant to GASB 90 and GASB 69
- Change in presentation of component unit as blended or discretely presented
- Beginning net position/fund balance should be adjusted for the effect of the change at the beginning of the reporting period
- Additional note disclosures are applicable



Change Within The Entity Example:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances				
	Funds	Government-Wide		Component Units	
	Enterprise Fund D	Governmental Activities	Business-Type Activities	QRS Foundation	XYZ Foundation
12/31/X1, as previously reported	\$ 74,831	\$ 768,033	\$ 543,163	\$ -	\$ -
Change from blended to discrete presentation	(2,184)	-	(2,184)	2,184	-
Addition of discretely presented component unit	-	-	-	-	1,500
Error correction	-	71,312	-	-	-
12/31/X1, as restated	\$ 72,647	\$ 839,345	\$ 540,979	\$ 2,184	\$ 1,500



Error Correction

- Mathematical mistake
- Mistake in application of accounting principle
- Oversight or misuse of facts that existed at time financial statements were issued
 - Facts that could reasonably be expected to have been obtained and taken into account about conditions that existed as of the financial statement date
- Reported retroactively by restating beginning fund balance/net position
- Additional note disclosures are applicable



Error Correction Example:

- Krysta in AP is new and missed a large payable in the previous year:

	Governmental Activities	General Fund	Total
Fund Balance/Net Position, December 31, 2022, as Previously Reported	\$ 100,000,000	\$ 10,000,000	\$ 110,000,000
Affect of Correction of an Error in Accounts Payable	100,000	100,000	200,000
Fund Balance/Net Position, December 31, 2022, as Restated	<u>\$ 100,100,000</u>	<u>\$ 10,100,000</u>	<u>\$ 110,200,000</u>

- Note that while the \$100,000 might not be material to Governmental Activities, management can decide to adjust it as well to avoid reconciliation differences



Notes For Error Correction



Effects on beginning net position, fund balance, or fund net position



Nature of error and correction, including f/s line items impacted

Single period – effect on the prior period’s change in net position, fund balance or net position, as if the error didn’t happen

Comparative – effect of the error correction on the prior-period change in net position, fund balance or fund net position

Retroactive Treatment – Comparative

Retroactively restate all prior periods presented

If not practicable to restate all prior periods, restate to earliest period practicable, *except for errors*





GASB 101 Compensated Absences

Effective date is fiscal years beginning after December 15, 2023 (12/31/24 and 06/30/25)



The Basics



Replaces GASB Statement
No. 16



Create a more consistent
model that can be applied to
all types of compensated
absence arrangements



Attempts to address
inconsistencies arising from
types of leave not originally
contemplated by GASB
Statement No. 16.

What Are Compensated Absences?

- Leave for which employees may receive one or more of the following:
 - Cash payments when the leave is used for time off
 - Other cash payments, such as payment for unused leave upon termination of employment
 - Noncash settlements, such as conversion to defined benefit post-employment benefits



What's Changing

GASBS 101

- Consistent model applied to all leave types (limited exceptions)
- “More likely than not” (MLTN) threshold for recognition
- Removes certain disclosure requirements
 - Gross additions and deductions to the liability
 - Fund used to liquidate

GASBS 16

- Different rules for different leave types (for example, sick leave)
- “Probable” threshold for recognition
- Disclose gross additions/deductions
- Disclose fund(s) used to liquidate



GASB 101 –What's Not In Scope?

Termination
benefits
(GASB 47)

Sabbatical, if
performing
other duties



Compensated Absences Recognition

Leave that has not
been used

Leave that has
been used but not
paid or settled



Recognition – Leave Not Used

Leave is attributable to services already rendered

Leave accumulates

Leave is more likely than not to be used for time off or otherwise paid or settled



What Is “More Likely Than Not”? (MLTN)

Defined in GASBS No. 101 as a likelihood of more than 50 percent



Generally viewed as a *lower* threshold for recognition than “probable” in GASBS No. 16



MLTN – What To Consider?



The government's employment policies related to compensated absences



Whether leave that has been earned is, or will become, eligible for use or payment in the future



Historical information about the use, payment, or forfeiture of compensated absences



Information known to the government that would indicate that historical information may not be representative of future trends or patterns

Exceptions To MLTN

- Leave that is dependent on the occurrence of an event that affects only a small proportion of employees
 - Recognize during the reporting period when leave has begun
 - Examples – Parental Leave, Military Leave, and Jury Duty
- Recognize unlimited leave and holiday leave that must be used on a specific date once it has been used
- MLTN to be converted to DB pension plan



Exceptions - Example

- Parental leave of three months is more likely than not to be paid, and a qualifying employee begins parental leave on June 1, a government with a June 30 fiscal year end would report a liability for the remaining two months of leave in financial statements dated June 30, because the leave had already begun
- Government would include no liability for other employees who are entitled to and may take such leave in the future

[Source: GASB 101. Literally. \(gfoa.org\)](https://www.gfoa.org)



Recognize If Not Used

Vacation

Sick

Holiday

Sabbatical, if
unrestricted



Recognize When Leave Commences (Sporadic)

Military

Parental

Jury Duty



GASB 101 – Recognize Only When Leave Is Taken

Holiday – if based on specific date and not at discretion of employee

Unlimited Leave



Calculating The Liability

- Use the rate of pay in effect as of the balance sheet date when calculating the liability, with limited exceptions:
 - Arrangement calls for a different rate of pay at the time of payment (for example, sick pay being paid at 50% of the employee's actual pay rate)
 - Shared leave pool - measure the liability using an estimated pay rate that is representative of the eligible employee population
 - If MLTN to be settled through noncash means other than conversion to DB plan



Recognition – Leave Used

Leave is used for time off but not yet paid in cash or settled through other means

Measure at the amount of the cash payment or noncash settlement to be made

Include applicable salary-related payments



Salary-Related Payments



Obligations that a government incurs related to providing leave in exchange for services rendered



May be directly associated or incrementally associated with the leave



Common example – Employer payroll taxes

DC And DB Pension Plans

- Defined contributions (DC) plan
 - Leave that has not been used- liability is recognized whenever a compensated absence liability would be recognized and reported as pension or OPEB expense
 - Leave that has been used – include in pension/OPEB liability
- Defined benefit (DB) plan
 - Payments related to a DB pension or OPEB plan should NOT be included in the measurement of the liabilities for compensated absences



Post-Employment Benefit Plans

Include in compensated absence liability if:

MLTN to be paid through distribution to individual account to be used for specified purposes (for example, payment of future premiums)

Leave has not been used

Otherwise meets criteria for recognition



Example – Vacation And Sick Leave

December 31, 2024 year end

Employment contract allows for the following:

- Maximum accumulation of 300 vacation hours
- 300 sick hours not paid upon termination
- DC pension with 10% employer contribution
- Paid holiday on 1/1/2025
- Government estimates 50% of sick leave MLTN to be used as paid leave.



Example – Vacation And Sick Leave

- Employee has the following:
 - 325 vacation hours
 - 20 sick hours
 - \$20/hour pay rate



Example – Vacation And Sick Leave Calculation

	Hours Accrued	Rate	Accrual	7.65% FICA	DC pension	Total Comp Abs
Vacation	300	20	6,000	459	600	7,059
Sick	10	20	200	15	20	235
Holiday	-	20	-	-	-	-
						7,294



Example – Vacation And Sick Leave Explanations

- Sick leave is accrued at 50% as the government has estimated it is MLTN that 50% will be used as paid leave
- Holiday leave is not accrued because it is date specific and not at the discretion of employees
- FICA Accrual – Directly associated with payment
- DC pension – Report as part of comp abs liability for leave not used



Note Disclosure:

Disclosure should present either:

- Separate increases/decreases
- Net increase or a net decrease

If presenting net, indicate it is a net amount.

Illustration 3—Note Disclosure—Net Change in the Liability

COUNTY OF KLAUS NOTE X—DETAIL NOTES ON ALL FUNDS LONG-TERM DEBT Long-Term Liability Activity					
	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 9,520,000	\$ 1,201,000	\$ (600,350)	\$ 10,120,650	\$ 817,200
Notes Payable	945,600	75,000	(115,000)	905,600	116,500
Total Bonds and Notes Payable	<u>10,465,600</u>	<u>1,276,000</u>	<u>(715,350)</u>	<u>11,026,250</u>	<u>933,700</u>
Other Liabilities:					
Compensated Absences	310,430	143,545*	-	453,975	382,673
Other Obligations	40,820	-	-	40,820	-
Total Other Liabilities	<u>351,250</u>	<u>143,545</u>	<u>-</u>	<u>494,795</u>	<u>382,673</u>
Governmental Activities Long-Term Liabilities	<u>\$ 10,816,850</u>	<u>\$ 1,419,545</u>	<u>\$ (715,350)</u>	<u>\$ 11,521,045</u>	<u>\$ 1,316,373</u>
Business-Type Activities					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 12,275,600	\$ 890,000	\$ (1,100,700)	\$ 12,064,900	\$ 988,700
Sales Tax-Backed Bonds	6,670,000	-	(810,000)	5,860,000	635,000
Total Bonds and Notes Payable	<u>18,945,600</u>	<u>890,000</u>	<u>(1,910,700)</u>	<u>17,924,900</u>	<u>1,623,700</u>
Other Liabilities:					
Compensated Absences	56,710	-	(24,985)*	31,725	19,570
Developer Agreements	1,920,909	87,220	(64,932)	1,943,197	-
Other Obligations	37,503	-	-	37,503	-
Total Other Liabilities	<u>2,015,122</u>	<u>87,220</u>	<u>(89,917)</u>	<u>2,012,425</u>	<u>19,570</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 20,960,722</u>	<u>\$ 977,220</u>	<u>\$ (2,000,617)</u>	<u>\$ 19,937,325</u>	<u>\$ 1,643,270</u>

*The change in the compensated absences liability is presented as a net change.



Note Disclosure:

- No longer required to disclose:
 - Which governmental funds typically have been used to liquidate other long-term liabilities (such as compensated absences) in prior years
 - Prior year example:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance (Continued)

7. Vacation, Sick Leave, and Compensated Absences (Continued)

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources. The County's compensated absences are liquidated by the General Fund, Human Services Fund, and Roads and Bridges Fund.



Preparing For The New Standard

- Identify relevant documents
 - Employee handbooks and policies
 - Employment contracts
 - Collective Bargaining Agreements
- Understand systems/IT Controls used to track leave
- Identify documentation to support inputs, such as wage rates and hours earned
- Check to validate maximums have not been exceeded





GASB 102 Certain Risk Disclosures

Effective date is fiscal years beginning after June 15, 2024
(6/30/25 & 12/31/25)



GASB 102 – Certain Risk Disclosures

- State and local governments face a variety of risks
- Risks refer to conditions that give rise to the potential for loss or harm to a government
- Requirements exist already for certain risk exposures governments face, but there are other prevalent risks not routinely disclosed because they aren't explicitly required
- Statement looks to expand on disclosures around risks of concentrations and constraints



GASB 102 Risk Type Definitions

- Concentrations
 - Defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources
- For example, significant vendor or customer that accounts for a large portion of the governments expenditures/revenues
- Constraints
 - Defined as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority
- A limitation placed on a government to prevent an acquisition of resources or control spending



Disclosure Is Required If:

A concentration or constraint is known to the government prior to issuance

The concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact

An event or events associated with the concentration or constraint that could cause a substantial impact has occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued



Notes To Financial Statements

Information required to be disclosed if all the requirements are met is as follows:

What the concentration or constraint is

Each event associated with the concentration or constraint that could cause a substantial impact if the event occurred or had begun to occur prior to issuance

Actions taken by the government prior to issuance to mitigate the risk



What Is Considered A ‘Substantial Impact’

- Intended to convey the fact that a risk is more than only the existence of a concentration or constraint
 - For instance, a debt limit placed on a municipality
- More stringent criterion than materiality was needed to focus on circumstances that make a government have a heightened possibility of loss or harm
- In the end the Board believes that professional judgement of both the quantitative and qualitative factors be used in each circumstance



What Is Considered An ‘Event Or Events’

- This term has not been defined specifically
- Ultimately means an event that *could* cause a substantial impact on a government’s existing concentrations or constraints
- Governments don’t need to go searching for potential events, but instead disclose information about events when they become aware of them



What Happens If A Government Takes Mitigating Action?

- If a Government discovers an event that will cause a substantial impact to its concentrations or constraints and takes action:
 - The mitigating action should be disclosed in the notes if the event is not remediated by the financial statement issuance date
 - If the situation is resolved, and there is no longer a risk of substantial impact to the government, no note disclosure is required



Example: Concentration Of Financial Resource Provider

- Pilot City's Airport Fund—a major enterprise fund that accounts for the City's airport operations—reports a liability for revenue debt outstanding. Charges for services, such as landing fees and terminal rentals paid by the airlines that use the airport, are a significant revenue of the Airport Fund. In the bond indenture for the Airport Fund's revenue bonds, the charges for services are identified as the sole source of repayment for those bonds, which funded the construction of certain improvements to the airport. Model Airways—the airport's largest airline customer—accounts for 75 percent of the Airport Fund's revenue generated from charges for services.
- During the City's fiscal year ended June 30, 2025, Model Airways notified the City that due to falling demand from the airline's customers, it will terminate its lease and discontinue service to the City's airport by December 31, 2025. The City's financial statements as of June 30, 2025, were issued on October 15, 2025. The City is in the process of developing plans to attract new airline customers to the airport.



Example: Concentration Of Financial Resource Provider

- **Assessment of disclosure criteria:** In addition to assessing the disclosure criteria for the primary government reporting unit, the City assessed the disclosure criteria for the Airport Fund because it reports a liability for revenue debt.
- **Concentration:** 75 percent of the Airport Fund's charges for services are associated with a single airline customer. Charges for services are a significant revenue of the Airport Fund.
- **Vulnerability to the risk of a substantial impact:** Management of the City has determined that the concentration of resources provided by a single airline (Model Airways) makes the Airport Fund vulnerable to the risk of a substantial impact.
- **Occurrence of an event or events and their timing:** An event associated with the concentration occurred when Model Airways notified the City that it will not renew its lease. That event is the beginning of the airline's discontinuation of services to the Airport, which the management of the City has determined could cause a substantial impact to the Airport Fund.
- **Mitigant:** The City is planning to implement certain measures to attract new airline customers to mitigate potential losses from a discontinuation of services related to Model Airways. Because those mitigating actions had not occurred prior to the issuance of the financial statements, a description is not included in the disclosure.



Example: Concentration Of Financial Resource Provider

Example Note Disclosure:

Note 9. Concentration of Financial Resource Provider

The Airport Fund accounts for the City's airport operations and reports \$10 million of revenue bonds outstanding on June 30, 2025. The bond indentures state that the revenue generated by airport operations is pledged as the sole source of repayment for the bonds. 75 percent of the Airport Fund's revenues are associated with a single airline customer who has notified the City that it plans to terminate its lease and discontinue service to the City's airport by December 31, 2025. A loss of revenue from that airline could adversely affect the Airport Fund.





What's on the horizon? Current GASB Projects and Practice Issues



Comprehensive Projects

Financial Reporting Model

- Final statement targeted for Q2 2024

Revenue and Expense Recognition

- Final statement targeted for June 2027



Major Projects

Going Concern Uncertainties and Severe Financial Stress

- Final statement targeted for June 2027

Infrastructure Assets

- Final statement targeted for February 2027



Practice Issues

- Classification of Nonfinancial Assets
 - Final Statement targeted for July 2024
- Subsequent Events
 - Final Statement targeted or December 2025



Financial Reporting Model

Reexamination of the Existing Financial Reporting Model



The Basics

- Information here reflects exposure draft and tentative decisions to date.
- Final statement expected sometime before end of Q2 2024.
- Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, with earlier application encouraged.
- Component units should implement the proposed guidance in the same year as their primary governments.
- The proposed guidance should be applied retroactively.



Management's Discussion & Analysis



Budgetary Variations

Previous Guidance

- Discussion of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund (or its equivalent)

Proposed Guidance

- No longer required in MD&A
- Presented as notes to RSI



Capital Assets

Previous Guidance

- Description of significant capital asset activity
- Discussion of commitments made for capital expenditures

Proposed Guidance

- Significant additions and disposals
- Changes to commitments made for the acquisition of capital assets.
- Significant policy changes and economic factors relevant to the capital asset activity



Long-Term Debt

Previous Guidance

- Description of significant long-term debt activity
- Changes in credit ratings and debt limitations

Proposed Guidance

- Explicitly includes leases, SBITAs, and PPPs
- Changes in credit ratings and debt limitations
- Significant policy changes and economic factors relevant to long-term debt, lease, PPP, and SBITA activity



Currently Known Facts, Decisions And Conditions

Previous Guidance

- No explicit guidance

Proposed Guidance

- Economic/demographic trends
- Subsequent year's budget
- Government's actions after the end of the reporting period



Unusual and Infrequent Items



What's Changed?

Previous Guidance

- Extraordinary or special depending upon certain factors relating to frequency/unusual
- Prior to transfers on Statement of Activities
- Disclose unusual/infrequent items NOT within management's control

Proposed Guidance

- Unusual or infrequent
- Last item prior to net change on all resource flows statements
- Explicit requirement NOT to net inflows/outflows
- Disclose whether unusual/infrequent items are within management's control



What's stayed the same?

Unusual and infrequent retain GASBS No. 62 definitions



Proprietary Fund Reporting



Defining Operating Revenues And Expenses

Previous Guidance

- Follow established policy for defining operating revenues

Proposed Guidance

- Operating revenues = revenues and expenses other than nonoperating



Nonoperating Revenues And Expenses

Previous Guidance

- Items not meeting definition of operating, typically capital and noncapital related financing, and investing activities

Proposed Guidance

- Subsidies received and provided
- Financing related
- Capital asset/inventory disposals
- Investment income and expenses
- Contributions to permanent and term endowments

Exception for certain loan programs!!



Defining Subsidies

Previous Guidance

- Not explicitly defined in technical guidance

Proposed Guidance

- Resources received/provided to keep rates lower than otherwise would be necessary to support the level of goods and services to be provided



Subsidies - Redefined

All transfers are included

Direct/indirect impact

Noncapital unless limited to capital purposes



Statistical Section – Business-Type/Fiduciary Activities

Previous Guidance

- No explicit requirement to distinguish revenue types when only business-type or business-type/fiduciary activities

Proposed Guidance

- Financial trend information should distinguish between operating, noncapital subsidy, and other nonoperating revenues and expenses



Contributions To Permanent/Term Endowments

Previous Guidance

- Presented after nonoperating revenues/expenses

Proposed Guidance

- Classified as nonoperating revenues



Financial Statement Presentation - Current

Operating revenues (detailed)

Total operating revenues

Operating expenses (detailed)

Total operating expenses

Operating income (loss)

Nonoperating revenues and expenses (detailed)

Income before other revenues, expenses, gains, losses, and transfers

Capital contributions (grant, developer, and other), additions to permanent and term endowments, special and extraordinary items (detailed), and transfers

Increase (decrease) in net position

Net position – beginning of period

Net position – end of period



Financial Statement Presentation - Proposed

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



Budgetary Comparisons

General Fund and Major Special Revenue funds with legally adopted budgets



What's Changed?

Previous Guidance

- RSI or basic financial statements
- Variances between original and final budget not required
- Variances between final budget and actual amounts not required

Proposed Guidance

- Always RSI
- Variances between original and final budget required
- Variances between final budget and actual amounts required
- Analysis of significant variations in notes to RSI



What's Stayed The Same?

- Funds for which comparisons are required
- Requirements to disclose the following in notes to RSI:
 - Budgetary to GAAP reconciliation
 - Budgetary basis of accounting
 - Excess of expenditures over appropriations



Major Component Unit Reporting



What's Changed?

Previous Guidance

- Three options for presenting major component unit info in government-wide financials
 - Separate column for each
 - Combining statements after the fund financial statements
 - Condensed financial statements in the footnotes

Proposed Guidance

- Separate column in the government-wide financials for each major component unit *unless readability is reduced*
- If readability is reduced, combining statements after the fund financials are allowed



What's Stayed The Same?

- Criteria for inclusion as component unit
- Criteria for determining whether a component unit is blended or discretely presented
- Allowance for professional judgment of whether a discretely presented component unit is major



How can I prepare?



Review current
financial statement
formatting

Review policies for
defining operating
revenues and
expenses

Identify sources of
subsidies

Identify sources of
explanations for
enhanced MD&A/RSI
reporting

Coordinate with
any component
units



Heather Plitt
Technical Director
heather.plitt@CLAconnect.com



CLAconnect.com



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