

GASB Update
Recent Pronouncements & Implementation Considerations

2026 Arkansas GFOA Conference

Agenda

- New Pronouncements
 - GASB 103, *Financial Reporting Model Improvements*
 - GASB 104, *Disclosure of Certain Capital Assets*
 - GASB 105, *Subsequent Events*
- GASB Projects on the Horizon



Effective Dates

June 30, September 30, and December 31 Year-Ends

2026

103 – Financial Reporting
Model Improvements

104 – Disclosure of
Certain Capital Assets

2027

105 – Subsequent
Events

GASB 103

Financial Reporting Model Improvements

Effective Date

Fiscal years beginning after
June 15, 2025



Implementation Guide 2025-1

Component units

4.16. Q—If a primary government is implementing Statement 103 for its fiscal year ended June 30, 2026, and it will include in its financial statements a component unit with a fiscal year-end of December 31, 2025 (in accordance with the provisions in paragraph 59 of Statement No. 14, *The Financial Reporting Entity*), when should the component unit implement Statement 103?

A—For the purposes of implementing Statement 103, which requires changes to the presentation of certain financial statements, the component unit should implement that Statement in its December 31, 2025 financial statements.

Scope and Applicability

MD&A

Unusual or Infrequent
Items

Proprietary Fund
Statement of
Revenues, Expenses,
and Changes in Net
Position

Major Component
Unit Information

Budgetary
Comparison
Information

Financial Trends in
Statistical Section

01

Management's Discussion & Analysis

1 - Management's Discussion & Analysis

MD&A

- Still RSI and in front of basic statements
- Compare current year to prior year, with emphasis on current year
- Analysis should explain WHY balances and results of operations have changed from prior year
- Avoid:
 - Unnecessary duplication
 - “Boilerplate” language and discussions

Focus

- Primary government
- Inclusion of DPCU up to professional judgement
 - Based on nature & significance of relationship to primary government

Financial Reporting Model Improvements – MD&A

Detailed Analysis

- Analysis of balances and transactions of each major and nonmajor funds in the aggregate
 - Reasons for changes in both governmental & business-type activities
 - Discuss currently known facts, decisions, or conditions of which users of the financial statements may not be aware
 - Discuss any significant policy changes & important economic factors affecting operating results

Financial Reporting Model Improvements – MD&A

Significant Capital Asset & Long-Term Financing Activity

- Capital asset activity (including right-to-use & other intangible assets)
 - Discuss significant additions, disposals, & changes to commitments to acquire capital assets, & any relevant factors
- Long-term financing activity (including leases, PPPs, SBITAs)
 - Discuss agreements entered into, credit rating changes, any debt limit changes that may affect financing of planned facilities or services, & any relevant factors

Financial Reporting Model Improvements – MD&A

Currently Known Facts, Decision, or Conditions

- Economic or demographic trends
- Subsequent year's budget
 - Changes in amount available for appropriation
 - Changes in planned spending (inflation, labor contracts, new laws & regulations, etc.)
 - Expected changes in fund balance/net position
- Actions taken by government after year-end regarding postemployment benefits, capital assets, long-term debt, leases, PPPs, & SBITAs
- Actions taken by others after year-end (new laws/regulations)

Financial Reporting Model Improvements – MD&A

Currently Known Facts, Decision, or Conditions - Example

Currently known facts, decisions, or conditions

The City is aware of five developments that will have an impact on the City's finances in the future and were therefore incorporated into next year's budget:

- (1) Public safety employee unions' new contract
- (2) Amendments to the City budget
- (3) Recent economic reports
- (4) Adoption of the State budget
- (5) Pension plan changes.

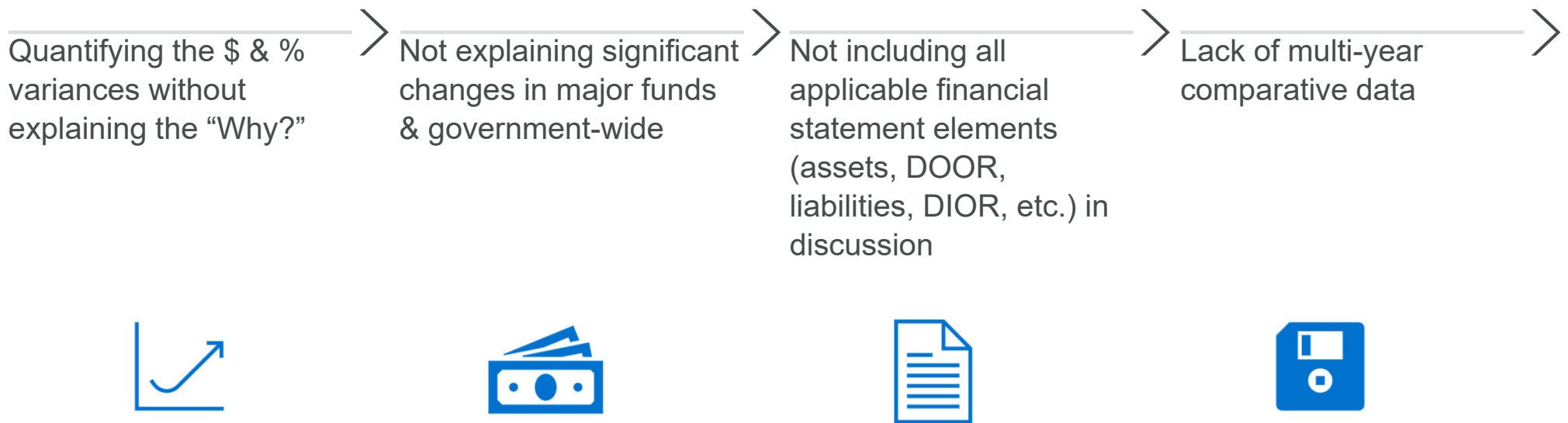
Public safety employee unions' new contract

The collective bargaining agreement for uniformed police officers and firefighters expired at the end of fiscal year 20X5. On September 15, 20X5, the members of the public safety employee unions ratified a new four-year contract that is retroactive to the start of fiscal year 20X6. The key features of the contract are annual increases in base pay of 3.5 percent; increases in rank pay, shift premiums, and other add-ons averaging 2.5 percent; and a series of nonpensionable bonuses at the end of each calendar year. The contract also changes certain staffing rules that will allow the City more flexibility in deploying its uniformed employees and, as a result, is expected to reduce overtime spending. The City's Labor Relations Division budgeted an annual increase of \$4.1 million of expenses to the public safety function, net of reduced overtime costs, as a result of the contract.



GASB 103
Appendix C
Exhibit 1

Common Errors & Pitfalls – MD&A



Common Errors & Pitfalls – MD&A

Not directing users to more detailed footnotes on capital asset & long-term debt activity



Must provide analysis for significant budgetary variances between original, final amended, & actual results – general fund only



Not including currently known facts, decisions, & conditions significantly affecting financial position or results of operations



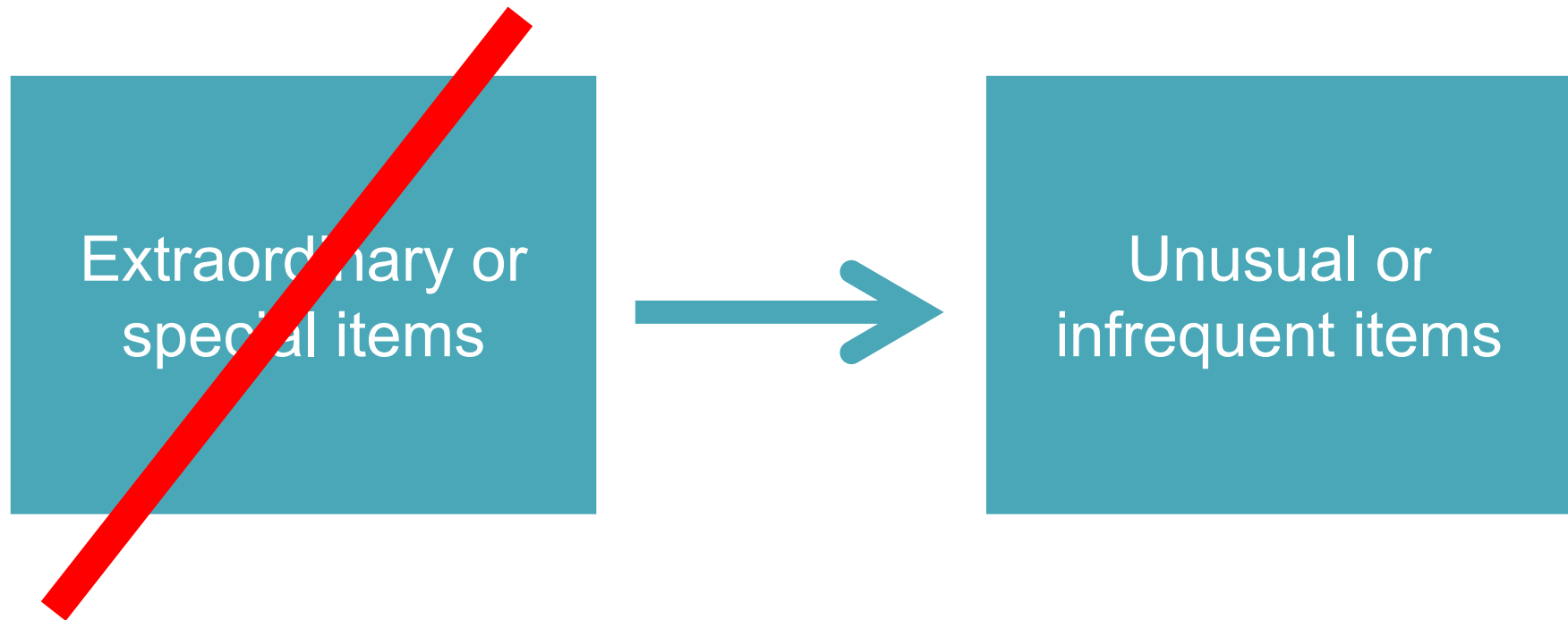
Amounts do not agree with the amounts reported elsewhere within the ACFR



02

Unusual or Infrequent Items

2 – Unusual or Infrequent Items



2 – Unusual or Infrequent Items

Unusual Nature

- High degree of abnormality
- Clearly or incidentally related to activities
- Beyond the control of management

Infrequency of occurrence

- Not reasonably be expected to recur in the future
- Use the government's past experience to provide evidence of the future

2 – Unusual or Infrequent Items

- Present inflows/outflows as last item on flows statements/statement of activities, above net change in fund balance/net position
 - Present each item separately
 - Do not net
- Disclose program, function or activity item is related and whether in control of management

2 – Unusual or Infrequent Items Example

GASB 103, Appendix C, Exhibit 5

	General Fund	Public Safety and Transportation Special Revenue Fund
REVENUES		
Taxes:		
Sales tax	\$ 104,142	\$ 51,442
Property tax	-	-
Franchise tax	22,706	-
Use tax	34,880	-
Hotel/motel tax	157	-
Special assessment tax	-	-
Payments in lieu of taxes	15,737	-
Intergovernmental	1,597	30,337
Charges for services	13,905	6,848
Licenses, permits, and fees	3,532	-
Fines and forfeitures	7,853	-
Investment earnings	6,792	2,295
Miscellaneous	2,075	-
Total revenues	<u>213,376</u>	<u>90,922</u>
EXPENDITURES		
Current:		
General government	29,097	15,083
Public safety	129,770	58,452
Public works	1,882	16,934
Culture and recreation	21,354	-
Social and economic development	11,614	-
Debt service:		
Principal	1,262	-
Interest and other charges	54	-
Capital outlay	1,103	-
Total expenditures	<u>196,136</u>	<u>90,469</u>
Excess (deficiency) of revenues over expenditures	<u>17,240</u>	<u>453</u>
OTHER FINANCING SOURCES (USES)		
Long-term debt issued	-	-
Premium on debt issued	-	-
Payment to bond refunding escrow agent	-	-
Proceeds from the sale of capital assets	275	-
Transfers in	2,630	-
Transfers out	(662)	-
Total other financing sources (uses)	<u>2,243</u>	<u>-</u>
UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE		
Grant revenues	2,500	-
Cleanup	(10,000)	-
Total unusual or infrequent item	<u>(7,500)</u>	<u>-</u>
Net change in fund balances	11,983	453
Fund balances—beginning of period	<u>55,009</u>	<u>4,024</u>
Fund balances—end of period	<u>\$ 66,992</u>	<u>\$ 4,477</u>



2 – Unusual or Infrequent Items Example

GASB 103, Appendix C, Exhibit 14

Note 3—Illustrative Disclosure of Information about Unusual or Infrequent Item

Sample City experienced a flood during March of 20X5 that was a catastrophic event outside the control of management. The City incurred expenses to clean up flood damage in the amount of \$10 million attributable to the functions of public works and public safety in the amounts of \$8.35 million and \$1.65 million, respectively. Sample City also received \$2.5 million in grants from the State to assist with the cleanup effort.

03

Proprietary Funds

3 – Proprietary Funds

- Statements should distinguish between operating and nonoperating revenues and expenses.
- Nonoperating revenues and expenses includes:
 - Subsidies received and provided
 - Contributions to permanent and term endowments
 - Revenues and expenses related to financing
 - Resources from disposal of capital assets and inventory
 - Investment income and expenses
- Operating is revenue and expenses that is other than above

Implementation Guide 2025-1 Question 4.4

Deferred Inflows of Resources Related to a Lease

4.4. Q—Paragraph 54 of Statement 87 requires that the deferred inflow of resources related to a lease be recognized as inflows of resources (for example, revenue) over the term of the lease. If reported as revenue, should a BTA or an enterprise fund report those inflows of resources as operating revenue?

A—Yes. Paragraph 13 of Statement 103 provides that operating revenues are revenues other than nonoperating revenues and that revenues related to financing are nonoperating revenues. As discussed in Question 4.3, only interest revenue recognized from a lease is related to financing. Revenue recognized from the deferred inflow of resources related to a lease, therefore, is not related to financing. Such revenue does not meet any of the other categories for nonoperating revenue and, therefore, should be reported as operating revenue.

Proprietary Funds – Presentation

- Must be presented in order shown
- New subtotals for noncapital subsidies and unusual or infrequent items
- Only present those captions that are applicable

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

Proprietary Funds – Subsidies Definition

- Resources **received** for which
 - goods and services are not provided and
 - that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise
- Resources **provided** for which
 - goods and services are not received and
 - recoverable through proprietary fund's current or future pricing policies
- **All other transfers**

Implementation Guide Question 4.2

4.2. Q—A higher education institution that reports as a BTA or an enterprise fund receives donations for scholarships from individuals who do not receive goods or services in return. Do those donations meet the definition of subsidies in paragraph 14a of Statement 103?

A—Yes. Those donations for scholarships meet the definition of subsidies because they (a) are received from parties who have not received goods or services from the higher education institution as a result of the donations and (b) keep the higher education institution's current or future tuition or other charges lower than they would be otherwise.

Implementation Guide Question 4.5

4.5. Q—Do taxes imposed by a BTA meet the definition of subsidies in paragraph 14a of Statement 103?

A—Yes. Taxes imposed by a BTA meet the definition of subsidies because they (a) are received from parties who do not directly receive goods or services from the BTA as a result of the tax and (b) directly or indirectly keep the BTA's current or future fees and charges lower than they would be otherwise.

Implementation Guide Question 4.6

4.6. Q—Passenger facility charges fund airport projects approved by the Federal Aviation Administration. Do passenger facility charges received by an airport that reports as a BTA or an enterprise fund meet the definition of subsidies in paragraph 14a of Statement 103?

A—Yes. Similar to taxes discussed in Question 4.5, passenger facility charges are fees imposed on passengers that meet the definition of subsidies because they (a) are received from parties who do not directly receive goods or services from the airport as a result of the fee and (b) allow the airport to directly or indirectly keep current or future fees and charges to airlines and concessionaires lower than they would be otherwise.

Proprietary Funds – Subsidies Example

GASB 103, Appendix C, Exhibit 8

Sample City
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
for the Year Ended June 30, 20X5
(amounts expressed in thousands)

See Exhibit 21 for an illustration of an optional combining statement of internal service funds.

	Enterprise Funds				Internal Service Funds
	Public Utility	Transit Authority	Golf Courses	Total	
OPERATING REVENUES					
Charges for services	\$ 41,003	\$ 18,636	\$ 2,561	\$ 62,200	\$ 42,523
Miscellaneous	283	33	104	420	78
Total operating revenues	41,286	18,669	2,665	62,620	42,601
OPERATING EXPENSES					
Personnel services	13,991	-	-	13,991	5,786
Contractual services	13,952	16,406	4,893	35,251	4,117
Insurance claims and expenses	-	-	-	-	26,388
Depreciation	11,767	8,972	2,375	23,114	415
Other	1,067	-	165	1,232	7,834
Total operating expenses	40,777	25,378	7,433	73,588	44,540
Operating income (loss)	509	(6,709)	(4,768)	(10,968)	(1,939)
NONCAPITAL SUBSIDIES					
Intergovernmental revenue	-	-	-	-	881
Transfers in	-	2,090	110	2,200	300
Transfers out	(1,980)	-	-	(1,980)	-
Total noncapital subsidies	(1,980)	2,090	110	220	1,181
Operating income (loss) and noncapital subsidies	(1,471)	(4,619)	(4,658)	(10,748)	(758)

**OTHER NONOPERATING REVENUES
(EXPENSES)**

NONCAPITAL SUBSIDIES

Intergovernmental revenue	-	-	-	-	881
Transfers in	-	2,090	110	2,200	300
Transfers out	(1,980)	-	-	(1,980)	-
Total noncapital subsidies	(1,980)	2,090	110	220	1,181
Operating income (loss) and noncapital subsidies	(1,471)	(4,619)	(4,658)	(10,748)	(758)

04

Major Component Units

4 – Major Component Units

- Present each separately in statement of net position and statement of activities
 - Unless it reduces readability of statements
- If reduces readability, include combining statements in basic financial statements
 - Place combining statements after fund financial statements
- No change to major component unit criteria

4 – Major Component Units Example

Exhibit 3

GASB 103,
Appendix C,
Exhibit 3

Sample City
Statement of Activities
for the Year Ended June 30, 20X5
(amounts expressed in thousands)

This is an alternative presentation using a combining statement (Exhibit 13) in order not to reduce the readability of this statement.

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
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 component units	\$ 111,018	\$ 72,991	\$ 16,503	\$ 12,902				\$ (8,622)

General revenues:								
Taxes:								
Sales taxes					279,567	-	279,567	6,340
Property taxes					78,930	-	78,930	3,153
Franchise taxes					23,122	-	23,122	-
Use taxes					41,068	-	41,068	-
Hotel/motel taxes					7,870	-	7,870	-
Special assessment tax					2,880	-	2,880	-
Payments in lieu of taxes					16,869	-	16,869	-
Intergovernmental revenue					9,324	-	9,324	-
Investment earnings					20,667	1,674	22,341	3,034
Miscellaneous					3,195	420	3,615	-
Transfers					(18,996)	18,996	-	-
Unusual or infrequent item—flood damage:								
Grant revenues						-	2,500	-
Cleanup					(10,000)	-	(10,000)	-
Total general revenues, transfers, and unusual or infrequent item					456,996		456,996	12,527
Change in net position					117,664	9,319	127,983	3,905
Net position—beginning of period					1,616,147	539,077	2,155,224	395,568
Net position—end of period					\$ 1,733,811	\$ 548,396	\$ 2,282,207	\$ 399,473

This is an alternative presentation using a combining statement (Exhibit 13) in order not to reduce the readability of this statement.

4 – Major Component Units Example

GASB 103,
Appendix C,
Exhibit 12

Sample City
Combining Statement of Net Position
Discretely Presented Component Units
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 2.

	Energy Authority	Airport	Nonmajor Component Units	Total (See Exhibit 2)
ASSETS				
Cash and cash equivalents	\$ 10,928	\$ 31,958	\$ 17,217	\$ 60,133
Investments	9,487	27,744	14,912	52,203
Receivables, net	2,946	6,486	24,817	34,259
Inventories	-	1,517	715	2,282
Other assets	-	407	912	1,399
Capital assets:				
Nondepreciable capital assets	171	147,234	14,915	162,390
Depreciable capital assets, net	7,857	252,813	45,212	305,932
Total assets	31,389	468,159	119,000	618,598
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related items	814	2,404	1,317	4,615
OPEB-related items	42	-	61	78
Debt refundings	-	9,185	217	9,452
Total deferred outflows of resources	856	11,589	1,595	14,145
LIABILITIES				
Accounts payable and accrued expenses	1,963	6,299	3,413	11,725
Advances	-	529	113	622
Long-term liabilities:				
Short-term portion				
Bonds payable	-	8,441	910	9,411
Other	255	276	114	645
Long-term portion				
Bonds payable	-	162,164	6,115	168,359
Net pension liability	5,656	19,308	12,317	37,281
Net OPEB liability	57	1,837	117	2,081
Other	11	367	117	415
Total liabilities	7,942	199,221	23,566	230,539
DEFERRED INFLOWS OF RESOURCES				
Pension-related items	246	670	1,710	2,696
OPEB-related items	18	-	71	35
Total deferred inflows of resources	264	670	1,781	2,731
NET POSITION				
Net investment in capital assets	8,016	260,554	54,412	322,982
Restricted for:				
Debt service	-	9,733	3,214	12,977
Capital projects	-	1,812	8,012	9,844
Other purposes	-	-	21,917	21,927
Unrestricted	16,023	7,758	7,912	31,743
Total net position	\$ 24,039	\$ 279,857	\$ 95,557	\$ 399,473



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05

Budgetary Comparison Information

5 – Budgetary Comparison Information

Must present exclusively as RSI

Variance between original & final budget amounts

Variances between final budget

Explanation of significant variances in the notes to the RSI

5 – Budgetary Comparison Information Example

GASB 103,
Appendix C,
Exhibit 15

Required Supplementary Information
Sample City
Budgetary Comparison Schedule
General Fund
for the Year Ended June 30, 20X5
(amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget— over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget— over (under) Actual Amounts
	Original	Final			
BUDGETARY REVENUES					
Taxes	\$ 157,715	\$ 157,715	\$ -	\$ 161,885	\$ 4,170
Payments in lieu of taxes	16,218	15,853	(365)	15,737	(116)
Intergovernmental	1,560	2,002	442	1,597	(405)
Charges for services	13,299	13,299	-	13,905	606
Licenses, permits, and fees	2,712	3,220	508	3,532	312
Fines and forfeitures	8,262	8,262	-	7,853	(409)
Investment earnings	5,100	5,100	-	6,792	1,692
Miscellaneous	3,313	3,313	-	2,075	(1,238)
Total budgetary revenues	208,179	208,764	585	213,376	4,612
BUDGETARY EXPENDITURES					
Current:					
General government	29,786	29,138	(648)	29,097	(41)
Public safety	132,479	129,953	(2,526)	129,770	(183)
Public works	3,297	3,263	(34)	1,882	(1,381)
Culture and recreation	22,086	22,075	(11)	21,354	(721)
Social and economic development	12,095	12,038	(57)	11,614	(424)
Debt Service:					-
Principal	1,275	1,275	-	1,262	(13)
Interest and other charges	41	41	-	54	13
Capital outlay	1,105	1,105	-	1,103	(2)
Total budgetary expenditures	202,164	198,888	(3,276)	196,136	(2,752)

5 – Budgetary Comparison Information Example

GASB 103,
Appendix C,
Exhibit 17

Exhibit 17

Required Supplementary Information Note to Budgetary Comparison Schedules (amounts expressed in thousands)		
Note A—Actual Budget Results		
	General Fund over (under)	Public Safety and Transportation Fund over (under)
BUDGETARY REVENUES		
Differences—final budget to actual:		
The City experienced an increase in revenue for taxes from budgeted amounts primarily due to the opening of the new shopping center 3 months earlier than expected.	\$ 4,170	\$ 1,617
Actual amounts of interest revenue exceeded budgeted amounts as the City saw higher interest rates than expected.	1,692	395
BUDGETARY EXPENDITURES		
Differences—original budget to final budget:		
The original budget was amended for public safety as the new police station #453 was completed 7 months behind schedule. The original budget included salaries and benefits for new officers and administrative staff, in addition to noncapital building expenditures. Station #453 will be opening in the next fiscal year, and these expenditures have been included in the next year's budget.	\$ (2,526)	\$ -

Statistical Section – Financial Trends

6 – Statistical Section – Financial Trends

BTA or BTA and fiduciary activities

- Present revenues by major source
- Distinguish between operating, noncapital subsidies and other nonoperating revenues and expenses

Implementation Tips — GASB 103

1. Start with MD&A early

Shift focus from describing changes to clearly explaining **why** balances and results changed year over year; avoid boilerplate language.

2. Identify unusual or infrequent items

Evaluate one-time events (disasters, legal settlements, significant grants) and ensure they are **presented separately** and not netted.

3. Review proprietary fund classifications

Confirm correct **operating vs. nonoperating** revenue and expense presentation, including identification of **noncapital subsidies**.

4. Evaluate component units and year-ends

Confirm implementation timing for component units with differing fiscal year-ends and reassess **major vs. nonmajor** classification and presentation.

5. Check budgetary and statistical sections

Ensure budgetary comparison schedules are presented **only as RSI**, with required variance explanations; collaborate with budget office

6. Avoid common pitfalls

Ensure MD&A and notes are consistent with the basic financial statements and focus audit attention on areas of greatest risk and visibility.

GASB 104

Disclosure of Certain Capital Assets

Effective Date

Fiscal years beginning after
June 15, 2025



Statement 104 does not change any current recognition or measurement requirements.

Capital Assets



Leases



Subscription Assets



What does change with GASB 104?

- For the capital assets note disclosure required by Statement 34, the following items should be broken out separately:
 - **Lease assets (Statement 87) by major class of underlying assets**
 - **Intangible RTU recognized by an operator (Statement 94) by major class of underlying public-private and public-public partnership asset**
 - **Subscription assets (Statement 96)**
 - **Other intangible assets 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.

Example

Capital asset activity for the year ended June 30, 20X2, was as follows (in thousands):

	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

Capital Assets Held for Sale

Government has decided to pursue sale of the asset

Finalization of sale is probable (likely to occur) within one year of the financial statement date.

- Factors to consider when evaluating probability
 - Is the asset available for immediate sale in its present condition?
 - Has an active program to locate a buyer been initiated, which may include the asset being put out for bid?
 - What are the market conditions for selling that type of asset?
 - Are regulatory approvals needed to sell the asset?

Capital Assets Held for Sale

Continue to report within the appropriate major class of capital asset

Disclose the carrying amount of debt for which capital assets held for sale are pledged as collateral, for each major class of asset

Disclose capital assets held for sale in notes to financial statements, with separate disclosure of historical cost and accumulated depreciation (or amortization), by major class of asset

Capital Assets Held for Sale Example

Capital Assets Held for Sale

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.

Implementation Tips — GASB 104

1. Inventory Intangible Assets

Identify lease assets, subscription assets, PPPs and other intangible assets and classify them by **major class of underlying asset**

2. Update Capital Asset Notes

Separately present lease assets, subscription assets, PPP/P3 assets, and other intangible assets within the capital asset footnote; ensure right-to-use intangible assets are not combined with owned intangible assets

3. Capital Assets Held for Sale

Evaluate whether any capital assets meet the criteria to be reported as **held for sale**

4. Cross Check Consistency

Ensure disclosures agree with the statements and MD&A

5. Avoid common pitfalls

Leaving lease and subscription assets embedded in legacy capital asset categories; presenting separate footnotes for each

GASB 105

Subsequent Events

Effective Date

Fiscal years beginning after
June 15, 2026



Subsequent Events

WHY

Improves clarity and consistency in reporting subsequent events after the financial statement date but before issuance

WHAT

- Redefines time frames
- Clarifies recognized vs nonrecognized events
- Sets disclosure requirements

WHEN

Apply prospectively

New Definitions

Subsequent events

- Transactions or other events that occur after the date of the financial statements but before the date of the financial statements are available to be issued

Available to be issued criteria

- Date at which (a) the financial statements are complete in a form and format that complies with GAAP and (b) approvals necessary for issuance have been obtained.

Event Types & Financial Statement Impact

Recognized

- Provide evidence of conditions existing at the financial statement date
- Affect reported balances
- Judgment

Nonrecognized

- Events arising after the reporting period
- Does not affect reported amounts
- May require disclosure

Note Disclosure Requirements

- You **MUST** disclose nonrecognized events, such as:
 - debt-related transaction
 - A government combination or a disposal of government operations
 - A change to the legally separate entities that compose the financial reporting entity
 - A transaction or other event that is of such a nature that the information items in paragraph 11 are essential to a user's analysis for making decisions or assessing accountability.
- **The following information should be disclosed** about a nonrecognized event:
 - A description of the nonrecognized event and its effect
 - An estimate of the amount of the effect of the nonrecognized event, or the reason why an estimate of the amount cannot be made.
- Must also disclose the **date through which subsequent events have been evaluated**. That date should be disclosed regardless of whether there is a recognized event or a nonrecognized event.

Implementation Tips — GASB 105

1. Clarify the Evaluation Period

Identify the date financial statements are **available to be issued**; ensure controls capture events through that date

2. Train Management on Event Types

Help departments distinguish: **Recognized events** (conditions existing at year-end) vs **Nonrecognized events** (arising after year-end)

3. Documentation is Key

Maintain documentation supporting judgments made, events evaluated but not disclosed and basis for recognition vs. disclosure

4. Disclosure Requirements

Ensure nonrecognized events include description of the event and estimated financial impact (or explanation if not estimable); always disclose the **evaluation date**, even if no events are identified

5. Avoid common pitfalls

Treating subsequent events as a “final checklist item” without sufficient inquiry or documentation

GASB Projects



Projects

Project Name	Next Milestone	Expected Date
Implementation Guidance Update - 2026 The objective of this project is to update implementation guidance for additional issues that came to the attention of the staff. The 2026 update project is focused solely on issues related to subsidies as defined in Statement No. 103, Financial Reporting Model Improvements.	Comment Period Ended	4/27/2026
Infrastructure Assets This project will address issues related to accounting and financial reporting for infrastructure assets.	Comment Period Ends	6/26/2026

Projects

Project Name	Next Milestone	Expected Date
Revenue and Expense Recognition The overall objective of this project is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions.	Exposure Draft	1Q 2027
Going Concern Uncertainties and Severe Financial Stress The objective of this project is to address issues related to disclosures regarding going concern uncertainties and severe financial stress	Exposure Draft	2Q 2027

Pre-Agenda Research

Project Name	Description
Cybersecurity Risk Disclosures	Understand the types of threats faced by state and local governments and how they are disclosed.
GAAP Structure	Evaluate the effectiveness of the GASB's current dual-authority approach to communicating generally accepted accounting principles (GAAP) for state and local governments. Comment period ends 8/31/2026
Pension and OPEB Disclosures – Concepts Statement 7	Evaluate the required disclosures in Statements No. 67, 68, 74, and 75 as it relates to Concepts Statement No. 7.
Revenue and Expense Recognition – Note Disclosures	Research any required note disclosures related to the revenue and expense recognition project.

Questions?



Contact

Forvis Mazars

Katie Flores, CPA

Senior Manager

P: 479.337.4708

Katie.Flores@us.forvismazars.com

Becca Kiser, CPA

Senior Manager

P: 501.954.6341

Becca.Kiser@us.forvismazars.com

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