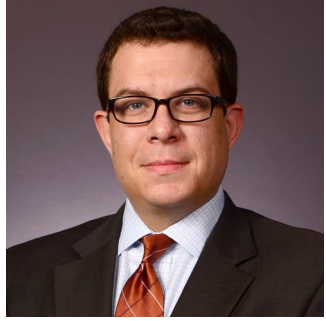




GASB Update - Bite-Sized Briefings Healthcare & Higher Education

December 10, 2025

Presenters



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Agenda

GASB Update

- **Effective Dates**
- **Recently Issued Standards**
- **Current Projects on GASB Agenda**
- **Hot Topics**

FORsights



- [Achieving Health: Our Healthcare Market Point of View](#)
- [Navigating Health Plan Survey Compliance](#)
- [AI Strategies to Help Combat Fraud, Waste, & Abuse in Healthcare](#)

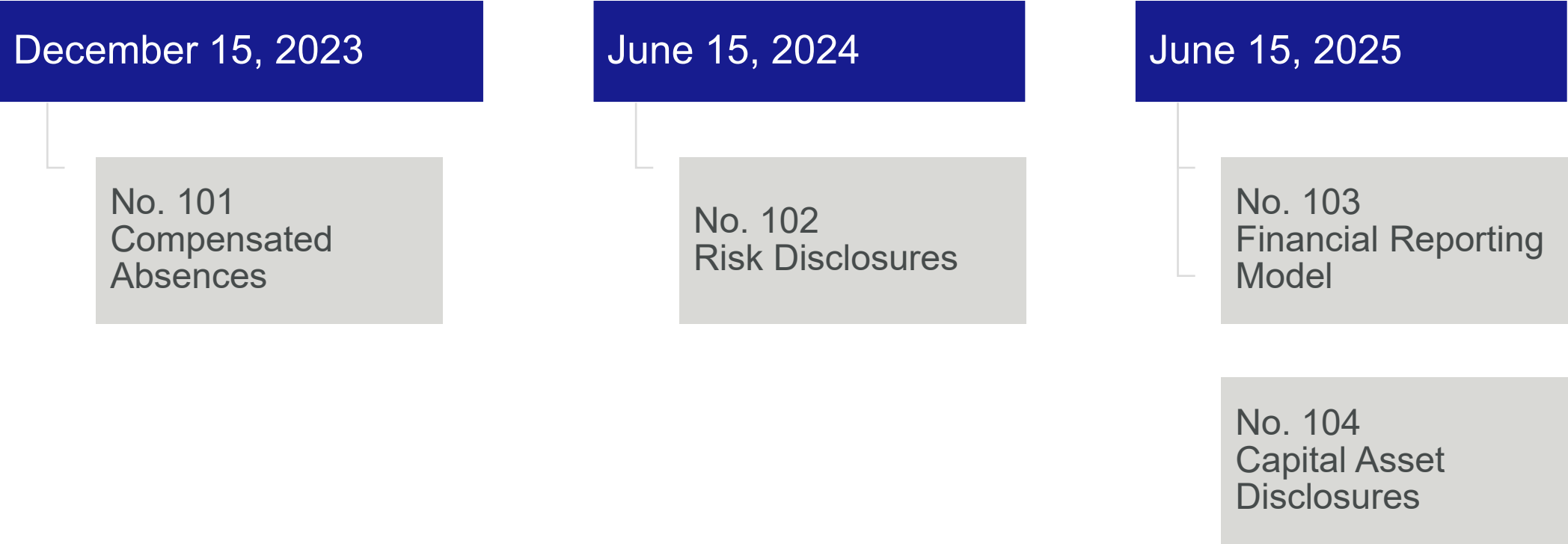
Scan the QR code to see our latest FORsights.



GASB Effective Dates

Overview

Fiscal Periods Beginning After (early adoption encouraged)





Compensated Absences

GASB Statement 101

GASB 101 Compensated Absences

Overview & Effective Date

- Creates a unified model for recognition and measurement for new leave type and eliminates certain disclosures.
- Supersedes guidance in Statement 16, Accounting for Compensated Absences
- Reduces diversity in practice
- Resource: [Preparing for GASB's Compensated Absences Changes – Statement 101](#)



Statement 101 Effective Date

Fiscal Years Beginning After
December 15, 2023

GASB 101 is already effective for everybody!

GASB 101 Compensated Absences

Scope and Applicability

Definition

Leave for which employees may receive one or more:

- Cash payments when the leave is used for time off
- Other cash payments, such as payment for unused leave upon termination of employment
- Noncash settlement, such as conversion to postemployment benefits

Examples

- Vacation and sick leave
- Paid time off
- Holidays
- Parental leave
- Certain types of sabbatical leave

GASB 101 Compensated Absences

Recognition Criteria – Unused Leave

Leave is attributable to services already rendered

- Employee has performed the services required to earn the leave

Leave accumulates

- Can be carried forward from reporting period when earned to a future reporting period when it will be used or otherwise paid or settled

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

- Likelihood of more than 50 percent

GASB 101 Compensated Absences

Exceptions to the General Recognition Criteria

Leave more likely than not to be settled through conversion to defined benefit postemployment benefits

- Excluded from liability

Leave that is dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period

- Recognize liability when leave commences
- Parental leave, military leave, jury duty recognized when commences
- Not sick leave or sabbatical leave

Unlimited leave and holiday leave taken on specific date

- Recognize liability when used

GASB 101 Compensated Absences Measurement



Pay rate

- Generally, the employee's pay rate at the financial reporting date
- Exception: more likely than not to be paid at a different rate at the time the payment is made

Salary-related payments

- Directly & incrementally related
- DC pension or OPEB recognized as related leave is earned-- not pension or OPEB liability
- DB pension or OPEB excluded

GASB 101 Compensated Absences

Note Disclosure



- No new note disclosures
- Exceptions to existing long-term liability disclosures for compensated absences:
 - Option to present net increase or decrease with indication that it is a net amount
 - Not required to disclose governmental fund used to liquidate



Certain Risk Disclosures

GASB Statement 102

GASB 102 Certain Risk Disclosures

Overview & Effective Date

The new guidance requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due.

Resource: [Details on GASB's New Required Risk Disclosures](#)



Statement 102 Effective Date

Fiscal Years Beginning After June
15, 2024

GASB 102 Certain Risk Disclosures

Definitions

Concentration

A lack of diversity related to an aspect of a significant inflow of resources or outflow of resources

Constraint

A limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority

GASB 102 Certain Risk Disclosures

Examples (nonexhaustive)

Concentration

- Employers
- Industries
- Inflows of resources
- Workforce covered by collective bargaining agreements
- Providers of financial resources
- Suppliers of material, labor, or services

Constraint

- Limitations on raising revenue
- Limitations on spending
- Limitations on the incurrence of debt
- Mandated spending

GASB 102 Certain Risk Disclosures

Concentrations

Examples include but are not limited to:

- **Employers** – A concentration exists when a small number of employers comprise a significant portion of the total employment in a government's jurisdiction.
- **Industries** – A principal industry may dominate a government's tax base (i.e., tourism or retail). Tax revenues could be lost or otherwise substantially affected if there is an industry disruption.
- **Inflows of Resources** – A government may have a concentration in its revenue composition if most of its revenue consists of property taxes, as opposed to an array of taxes, fees, & grants.

GASB 102 Certain Risk Disclosures

Concentrations

- **Workforce Covered by Collective Bargaining Agreements** – A government may be unable to adequately control spending if a sizable portion of the government's employees are covered by a collective bargaining agreement that locks in wages, benefits, or staffing levels.
- **Resource Providers** – A sizable portion of a government's sales tax revenue may come from a small number of large retailers, or a majority of a school district's revenue may come from state aid. Some business-type activities, such as utilities, may receive a sizable portion of their revenues from user charges to a small number of customers.
- **Suppliers of Material, Labor, or Services** – A government that is reliant on a particular supplier for unique or critical materials and services may result in a spending-related concentration.

GASB 102 Certain Risk Disclosures

Constraints Examples

Examples include but are not limited to:

- **Limitations on Raising Revenue** – Constraints on a government’s ability to obtain resources include—but are not limited to—those imposed by creditors, grantors, or contributors; enabling legislation; and statutory or constitutional limitations such as state-government-imposed caps on the assessment or levying of property taxes.
- **Limitations on Spending** – A government’s ability to control spending may be adversely affected by limitations on what costs can be incurred and in what amounts. For example, debt covenants typically stipulate the level of spending relative to pledged revenue.
- **Limitations on the Incurrence of Debt** – There may be statutory or constitutional limitations such as constraints on the total amount of debt a local government may have outstanding.
- **Mandated Spending** – Mandates to expend resources on a particular program may diminish a government’s spending flexibility by prohibiting the government from reducing spending on that program or requiring that the government contribute additional resources of its own.

GASB 102 Certain Risk Disclosures

Disclosure Criteria

Disclosure would be required if all the following criteria are met:

- It is known to the government prior to issuing the financial statements. A government is not required to search for a wide range of potential events that might result from each concentration or risk it faces.
- 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 have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the financial statement date.

If mitigating actions taken by the government prior to financial statement issuance cause any of the disclosure criteria not to be met, none of the disclosures in the next section are required.

GASB 102 Certain Risk Disclosures

Level of Detail for Assessment

Primary
Government



All other reporting
units that report a
liability for
revenue debt

GASB 102 Certain Risk Disclosures

Disclosures Required



- The concentration or constraint.
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
- Mitigation actions taken by the government prior to financial statement issuance. Planned efforts may constitute a prediction about future events & should not be included in the financial statement notes.



Financial Reporting Model Improvements

GASB Statement 103

GASB 103 Financial Reporting Model

Overview & Effective Date

The new guidance updates requirements for management's discussion & analysis (MD&A), unusual & infrequent items, proprietary fund statement, component unit, and RSI.

Do not underestimate the effort involved.

Resource: [GASB Updates the Financial Reporting Model](#)



Statement 103 Effective Date

Fiscal Years Beginning After
June 15, 2025

GASB 103 Financial Reporting Model Components



1. Management's discussion & analysis
2. Unusual or infrequent items
3. Presentation of the proprietary fund statement of revenues, expenses, & changes in fund net position
4. Information about major component units in basic financial statements
5. Budgetary comparison information
6. Financial trend information in the statistical section

GASB 103 Financial Reporting Model

Management's Discussion & Analysis

Five Required Sections

Overview of
Financial
Statements

Financial
Summary

Detailed
Analyses

Significant
Capital
Asset &
Long-Term
Financing
Activity

Currently
Known
Facts,
Decisions,
or
Conditions

GASB 103 Financial Reporting Model

MD&A Detailed Analyses

Explain why changes from the prior year occurred & the magnitude of those changes. Details should include facts, decisions, or conditions about which the user may not be aware, with the understanding that not all users may be from the government's geographical area.

a. Primary Government's Financial Position & Results of Operations

Summarize significant changes to both governmental activities & business-type activities as reported in the governmentwide financial statements. Include a discussion of significant policy changes & important economic factors that significantly affected operating results for the year.

b. Fund Balance or Net Position & Results of Operations of Each Major Fund

Summarize significant changes to each major fund & address restrictions, commitments, & assignments that significantly affect the availability of fund resources for future use.

Throughout the MD&A, avoid unnecessary duplication & “boilerplate. Only present the most relevant information, focused on the primary government. Distinguish between the primary government & discretely presented component units.

GASB 103 Financial Reporting Model

Unusual or Infrequent Items

Transactions & other events that are unusual in nature or infrequent in occurrence as defined in Statement 62.

Presentation

Last presented item before the net change in resource flows

Inflows & outflows should not be netted

Disclosure

The program, function or identifiable activity to which the item is related

Whether the item is within control of management

GAB 103 Financial Reporting Model

Proprietary Fund Statement Definitions

New Required Definitions of Operating and Nonoperating Activity

Operating

Items other than nonoperating

Nonoperating

Subsidies received & provided

Contributions to permanent & term endowments

Revenues & expenses related to financing

Resources from disposal of capital assets and inventory

Investment income & expenses

GASB 103 Financial Reporting Model

Proprietary Fund Statement Definitions

New Required Definition of *SUBSIDIES*

Resources received from another party or fund

For which the proprietary reporting entity **does not provide goods or services, AND**

That **directly or indirectly** keep the proprietary reporting entity's current or future **fees and charges lower than they otherwise would be**

Resources provided to another party or fund

For which the other entity **does not provide goods or services, AND**

That are **recoverable** through the proprietary reporting entity's **current or future pricing policies**

GASB 103 Financial Reporting Model

Proprietary Fund Statement Definitions

New Required Definition of ***SUBSIDIES*** – *no longer policy election / preference*

- Resources **received** from another party or fund:
 - That the proprietary reporting entity does not provide goods or services for, **AND**
 - That directly or indirectly keep the proprietary reporting entity's current or future fees and charges lower than they otherwise would be
- Resources **provided** to another party or fund:
 - That the other party or fund does not provide goods or services for, **AND**
 - That are recoverable through the proprietary reporting entity's current or future pricing policies
- All other transfers

2025 Comprehensive Implementation Guide Update

- Clarifies third party payments for patient services are NOT considered subsidies
- *However... still looking for clarity about supplemental payments, grants, contributions, etc. Stay tuned!*

GASB 103 Financial Reporting Model

Proprietary Statements

New separate caption for noncapital subsidies, with required subtotal presentation

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

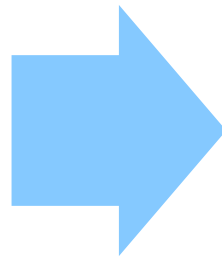
Fund net position—end of period

GASB 103 Financial Reporting Model

Major Component Units

Statement 103 eliminates the option to report information about major component units in the reporting entity's financial statement notes

Present each major component unit separately in the statement of net position & activities



Exception: if this reduces readability, combining statements of net position & activities should be presented after the fund financial statements

GASB 103 Financial Reporting Model

Budgetary Comparison Information

Statement 103 now requires governments to present budgetary comparison information in RSI & not as a basic financial statement.

Presented as RSI for the general fund & each major special revenue fund that has a legally adopted annual budget, & include the following:

Variance
between
original & final
budget
amounts

Variance
between final
budget
amounts &
actual results

Notes to RSI: Explanation
of significant variations
between original & final
budget amounts & final
budget amounts & actual
results

GASB 103 Financial Reporting Model

Statistical Section



For governments engaged only in **business-type activities** (or business-type & fiduciary activities), a new RSI schedule is required in the statistical section:

- Revenues by major source, distinguishing between operating, noncapital subsidy, & other nonoperating revenues & expenses.



Disclosure of Certain Capital Assets

GASB Statement 104

GASB 104 Capital Asset Disclosures

Overview & Effective Date

The new guidance requires capital assets held for sale, intangibles assets, lease assets & subscription assets to be broken out separately in note disclosure.

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

Resource: [GASB Statement 104 – New Capital Asset Disclosures](#)

Statement 102 Effective Date

Fiscal Years Beginning After June
15, 2025

GASB 104 Capital Asset Disclosures Presentation

Disclose following items separately

Lease Assets
by major class
(Statement
87)

Intangible RTU
assets
recognized by
an operator, by
major class of
asset
(Statement 94)

Subscription
assets
(Statement 96)

Other
intangible
assets, by
major class of
asset

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

GASB 104 Capital Asset Disclosures

Capital Assets Held for Sale

This new disclosure will apply to both tangible & intangible capital assets & does not require an asset to be idle to be considered a capital asset held for sale.

Asset is held for sale if both criteria are met:

Government has decided to pursue the sale of the asset and

It is probable that the sale will be finalized within one year of the financial statement date

Factors to Consider

Whether the asset is available for immediate sale in its present condition

Whether an active program to locate a buyer has been initiated

Market conditions for selling that type of asset

Regulatory approvals needed to sell the asset

GASB 104 Capital Asset Disclosures

Disclosure & Presentation

- A capital asset held for sale should continue to be reported within the appropriate major class of capital asset.

- The notes to financial statements should include for each major class of asset
 - A separate disclosure of historical cost & accumulated depreciation/amortization
 - The carrying amount of debt for which capital assets held for sale are pledged as collateral

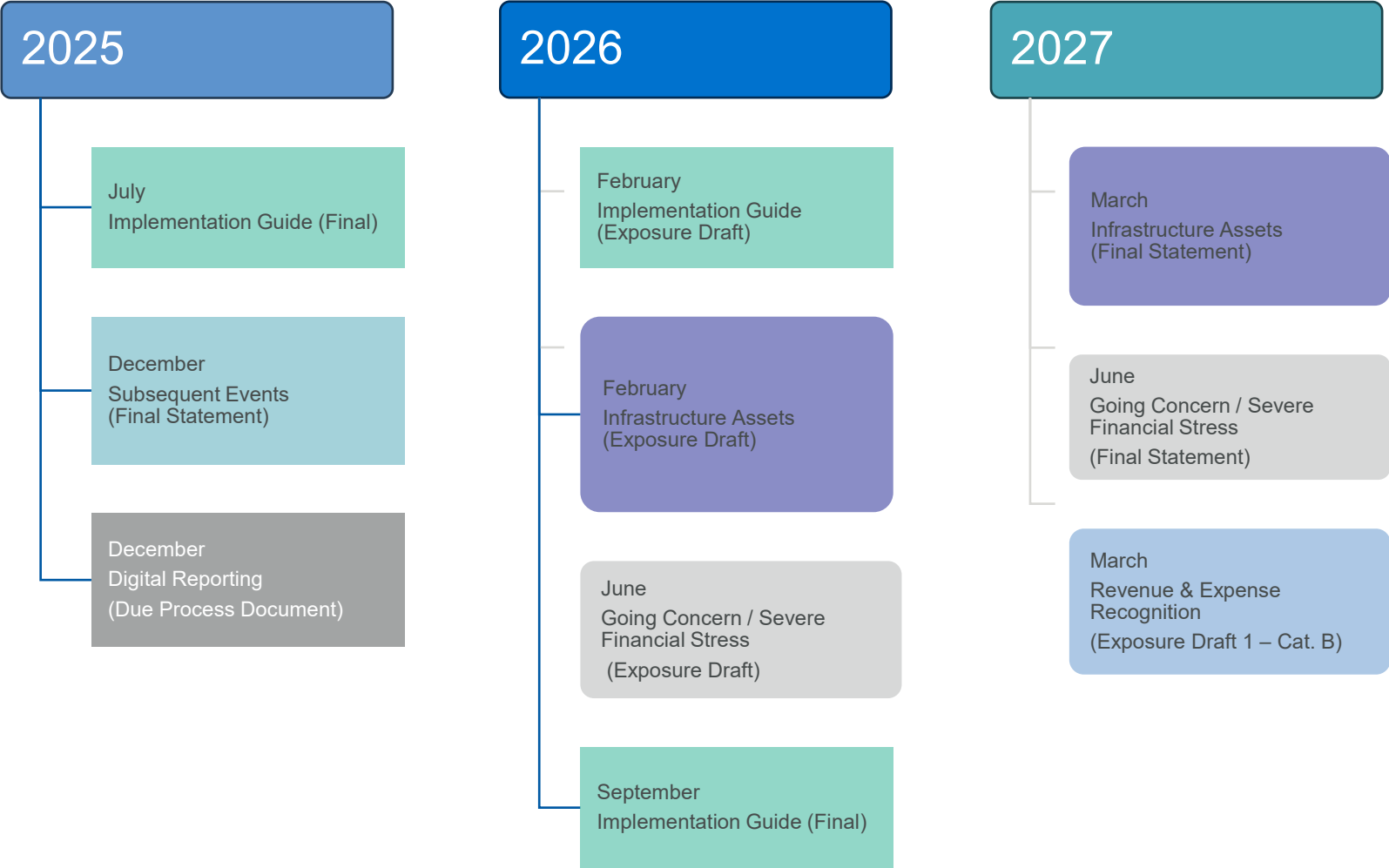
- Disclosure should be made for both governmental and business-type activities.



GASB Current Projects

GASB Technical Agenda

Project Plan Overview (Subject to Change)



GASB Project Plans

Select Summaries

- **Subsequent Events.** The guidance would clarify the subsequent events that require recognition & establishes specific note disclosure for nonrecognized events. If approved, changes would be effective for fiscal years beginning after June 15, 2026. Expected final statement in December 2025.
 - Resource: [GASB Proposes Clarifications on Subsequent Events](#)
- **Digital Reporting.** The project's goal is to develop a digital taxonomy for governmental financial reporting to make it easier for users to extract information. Phase 1 will cover basic financial statements, notes, and required supplementary information. Phase 2 will cover supplementary information.
 - Taxonomy modules associated with the basic financial statements and special purpose governments have been developed and reviewed. Discussion Memorandum expected to be drafted and released by May 2026.

GASB Project Plans

Select Summaries

- **Going Concern.** The project's objective is to address disclosure requirements related to going concern uncertainties in the government environment. The Board's preliminary views require disclosure related to two categories of uncertainty:
 - ***Severe Financial Stress*** is a current financial condition of being at or near insolvency, regardless of whether there is uncertainty about continued existence
 - ***Probable Dissolution*** is uncertainty about a government's future continued existence as a separate legal entity, regardless of its financial condition
- Preliminary Views document issued March 2025, currently in redeliberations. Expect updated Exposure Draft in June 2026 and final statement by June 2027.

GASB Project Plans

Select Summaries

- **Revenue and Expense Recognition.** The project's objective is the development of a comprehensive, principles-based model for categorization, recognition, & measurement of many revenue and expense transactions. There are two broad categories of transactions:
 - **Category A** - acquisitions coupled with sacrifices (or vice versa) that are interdependent. Recognition principles are based on a five-step **performance obligation** model
 - **Category B** - acquisitions without sacrifices (or vice versa), or acquisitions / sacrifices that are not interdependent. Recognition principles are based on a **compliance / legal enforceability** model
- Preliminary Views document issued June 2020, currently in redeliberation. Exposure Drafts expected in March 2027 (Category B Transactions) and June 2028 (Category A Transactions).
- No current timetable for final statement.

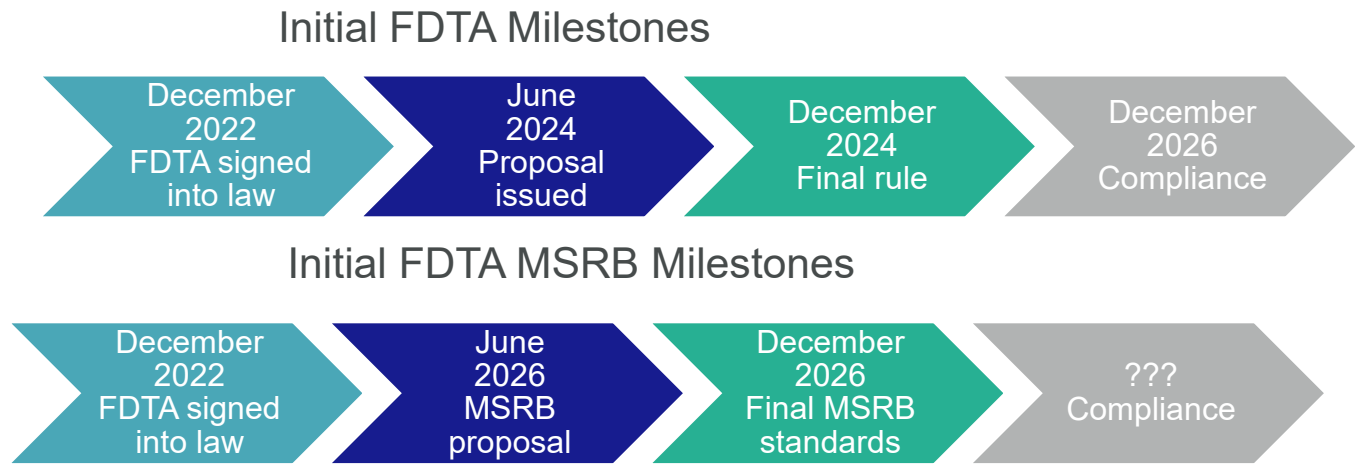


GASB Hot Topics

Hot Topics

Financial Data Transparency Act (FDTA)

The initial deadline for a final rule on uniform data standards has passed. The FDTA requires the SEC to adopt data standards for information submitted to the Municipal Securities Rulemaking Board (MSRB) two years after final data standard rules are issued for each of the federal agencies. The FDTA does not mandate a compliance date for MSRB data standards, unlike the regulations for federal financial regulators. Given the new administration in Washington, it is not clear if this project will move forward. Forvis Mazars will continue to monitor developments on this topic.





Questions?

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