



Navigating GASB 103: Implementation & Best Practices

Public Sector

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Today's Presenters



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Agenda

1. Background of GASB 103, Scope, & Effective Date
2. Key Changes & Example Financial Statements
3. Supporting GASB 103 with The Reporting Solution (TRS)
4. GASB Implementation Guide Exposure Draft



01

Background of GASB 103, Scope, & Effective Date



Background

- GASB Statement No. 34, *Basic Financial Statements—& Management's Discussion & Analysis—for State & Local Governments*
 - Issued in 1999
 - Defined the structure and measurement focus of basic financial statements, notes, & required supplementary information (RSI), including the MD&A
 - Introduced government-wide financial statements using accrual accounting, which incorporated reporting of infrastructure, other capital assets, & long-term liabilities—items previously reported only on a modified accrual basis in governmental funds
 - Mandated a narrative MD&A before the financial statements, required presentation of the original budget in the budgetary comparison schedule, introduced major fund reporting for governmental & enterprise funds, & added notes on capital asset & long-term liability activity during the reporting period
- GASB Statement No. 103, *Financial Reporting Model Improvements*
 - Initial research to update the financial reporting model began in 2013
 - Over the last decade, GASB has conducted surveys of preparers, auditors, & users, performed field tests, held multiple user forums & public hearings, & reviewed hundreds of comment letters as part of developing GASB 103



Scope

- GASB 103 establishes new accounting & financial reporting requirements—or modifies existing requirements—related to the following:
 - Management’s discussion & analysis (MD&A)
 - Unusual or infrequent items
 - Presentation of the proprietary fund statement of revenues, expenses, & changes in fund net position
 - Information about major component units in basic financial statements
 - Budgetary comparison information
 - Financial trends information in the statistical section

Effective Date

	Implement for Fiscal Years Ending			
Fiscal Years Beginning After	March 31	June 30	September 30	December 31
June 15, 2025	2027	2026	2026	2026

The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2025, & all reporting periods thereafter. Earlier application is encouraged.

If a primary government chooses early implementation of GASB 103, all component units also should implement GASB 103 in the same year.

Implementation Guide 2025-1 Q&A

Effective Date

- Q – If a primary government is implementing Statement 103 for its fiscal year ended June 30, 2026, & 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.

02

Key Changes & Example Financial Statements



Management's Discussion & Analysis (MD&A)

- GASB 103 does not make major changes to the MD&A
- GASB 103 instead includes detailed explanations of what they want the preparer to do:
 - Financial managers are knowledgeable regarding the transactions & events, fiscal policies, & other conditions that may have a significant impact
 - The analysis should assist users in understanding why balances changed
 - Financial managers should include the explanations that are most relevant to the information presented each year
 - Discussion is confined to five categories:
 1. Overview of the Financial Statements
 2. Financial Summary
 3. Detailed Analyses
 4. Significant Capital Asset & Long-Term Financing Activity
 5. Currently Known Facts, Decisions, or Conditions

Currently Known Facts, Decisions, or Conditions

- GASB 103 includes examples of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net position) or that are expected to produce significant differences from the current-period results of operations
- Examples include:
 - Trends in relevant economic & demographic data
 - Relevant factors used to develop the subsequent year's budget
 - Expected changes in budgetary net position or fund balance
 - Actions the government has taken related to postemployment benefit liabilities
 - Capital asset improvement plans
 - Lessee liabilities, operator liabilities in PPP arrangements, SBITA liabilities, & other long-term financings that will affect the government in a subsequent period
 - Actions other parties have taken that will affect the government in a subsequent period, such as new legislation or regulations imposed on the government
- The focus on this section should be currently known information. For purposes of MD&A, currently known refers to information that management is aware of as of the date the financial statements are issued

Appendix C: Illustration

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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.

Amendments to the City budget

The first mid-year amendment to the City's operating budget addresses budgetary variances that are found in the actual results for the first quarter ending September 30, 20X5. The additional public safety expenses resulting from the new contract were a prominent aspect of the amendment, which was adopted by the City Council on November 1, 20X5. Use tax revenues for the first quarter were 4.6 percent below budget. Extrapolated for the full year, use taxes would fall short of the budget by \$1.9 million. The City Council decided to monitor ongoing tax receipts for further deterioration and to postpone consideration of a rate increase until the second mid-year modification. To potentially buffer the lost revenue, the City Council identified certain positions that are vacant or expected to become vacant that could be filled more slowly than originally planned and adjusted the department budgets accordingly.

Unusual or Infrequent Items

Replace extraordinary or special items

Unusual in nature

Infrequent in occurrence

Unusual or Infrequent Items Defined

Unusual nature – The underlying event or transaction should possess a high degree of abnormality & be of a type clearly unrelated to, or only incidentally related to, the ordinary & typical activities of the government, taking into account the environment in which the government operates. Unusual nature is not established by the fact that an event or transaction is beyond the control of management.

Infrequency of occurrence – The underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the government operates. The past occurrence of an event or transaction for a particular government provides evidence to assess the probability of recurrence of that type of event or transaction in the foreseeable future.

Unusual or Infrequent Items

- Display inflows & outflows for each unusual or infrequent item separately
- Displayed as last items before net change in resource flows
- Should not be netted
- Notes should disclose:
 - The program, function, or identifiable activity to which each is related
 - If the event was within the control of management

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	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	<u>453,681</u>	<u>45,301</u>	<u>38,163</u>	<u>30,885</u>	<u>(339,332)</u>		<u>(339,332)</u>	
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	<u>76,909</u>	<u>62,200</u>	<u>-</u>	<u>2,938</u>		<u>(11,771)</u>	<u>(11,771)</u>	
Total primary government	<u>\$ 530,590</u>	<u>\$ 107,501</u>	<u>\$ 38,163</u>	<u>\$ 33,823</u>	<u>(339,332)</u>	<u>(11,771)</u>	<u>(351,103)</u>	
Total component units	<u>\$ 111,018</u>	<u>\$ 72,991</u>	<u>\$ 16,503</u>	<u>\$ 12,902</u>				<u>\$ (8,622)</u>
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	-	2,500	-
Cleanup					(10,000)	-	(10,000)	-
Total general revenues, transfers, and unusual or infrequent item					<u>456,996</u>	<u>21,090</u>	<u>478,086</u>	<u>12,527</u>
Change in net position					<u>117,664</u>	<u>9,319</u>	<u>126,983</u>	<u>3,905</u>
Net position—beginning of period					<u>1,616,147</u>	<u>539,077</u>	<u>2,155,224</u>	<u>395,568</u>
Net position—end of period					<u>\$ 1,733,811</u>	<u>\$ 548,396</u>	<u>\$ 2,282,207</u>	<u>\$ 399,473</u>

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

- GASB 103 retains the requirement for proprietary fund statements of revenues, expenses, & changes in fund net position to distinguish between operating & nonoperating revenues & expenses
- Operating revenues & expenses are defined as revenues & expenses other than nonoperating revenues & expenses
 - These classifications should generally align with how transactions are reported in the statement of cash flows
- Nonoperating revenues & expenses are defined as:
 - (a) subsidies received & provided
 - (b) contributions to permanent & term endowments
 - (c) revenues & expenses related to financing, *i.e.*, interest income & expense
 - (d) resources from the disposal of capital assets & inventory, &
 - (e) investment income & expenses
 - This definition eliminates the need for governments to establish individual policies defining operating revenues & expenses, as previously required by GASB 34

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

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

The statement of revenues, expenses, & changes in fund net position should present the following information in the order shown, using the all-inclusive format indicated:

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

Subsidies

- GASB 103 defines subsidies as follows:
 - (1) resources received from another party or fund
 - (a) for which the proprietary fund does not provide goods & services to the other party or fund &
 - (b) that directly or indirectly keep the proprietary fund's current or future fees & 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 & services to the proprietary fund &
 - (b) that are recoverable through the proprietary fund's current or future pricing policies
 - (3) all other transfers

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			Total	Internal Service Funds
	Public Utility	Transit Authority	Golf Courses		
OPERATING REVENUES					
Charges for services	\$ 41,003	\$ 18,636	\$ 2,561	\$ 62,200	\$ 42,523
Miscellaneous	283	33	104	420	78
Total operating revenues	<u>41,286</u>	<u>18,669</u>	<u>2,665</u>	<u>62,620</u>	<u>42,601</u>
OPERATING EXPENSES					
Personnel services	13,991	-	-	13,991	5,788
Contractual services	13,952	18,406	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	<u>40,777</u>	<u>25,378</u>	<u>7,433</u>	<u>73,588</u>	<u>44,540</u>
Operating income (loss)	<u>509</u>	<u>(6,709)</u>	<u>(4,768)</u>	<u>(10,968)</u>	<u>(1,939)</u>
NONCAPITAL SUBSIDIES					
Intergovernmental revenue	-	-	-	-	881
Transfers in	-	2,090	110	2,200	300
Transfers out	(1,980)	-	-	(1,980)	-
Total noncapital subsidies	<u>(1,980)</u>	<u>2,090</u>	<u>110</u>	<u>220</u>	<u>1,181</u>
Operating income (loss) and noncapital subsidies	<u>(1,471)</u>	<u>(4,619)</u>	<u>(4,658)</u>	<u>(10,748)</u>	<u>(758)</u>
OTHER NONOPERATING REVENUES (EXPENSES)					
Investment earnings	1,498	75	103	1,674	448
Gain from the sale of capital assets	-	-	-	-	3
Interest expense	(1,910)	(448)	(963)	(3,321)	-
Capital contributions	2,938	-	-	2,938	-
Transfers in—restricted for capital assets	1,032	15,360	2,384	18,776	1,215
Total other nonoperating revenue (expenses)	<u>3,558</u>	<u>14,987</u>	<u>1,524</u>	<u>20,067</u>	<u>1,664</u>
Increase (decrease) in fund net position	<u>2,085</u>	<u>10,368</u>	<u>(3,134)</u>	<u>9,319</u>	<u>908</u>
Fund net position—beginning of period	<u>331,657</u>	<u>177,997</u>	<u>29,423</u>	<u>539,077</u>	<u>12,387</u>
Fund net position—end of period	<u>\$ 333,742</u>	<u>\$ 188,365</u>	<u>\$ 26,289</u>	<u>\$ 548,396</u>	<u>\$ 13,293</u>

Implementation Guide 2025-1 Q&A

Interest Revenues & Expenses

- Q – Paragraph 13 of Statement No. 103, Financial Reporting Model Improvements, indicates that interest revenues of a proprietary fund established to provide loans to first-time homeowners should be reported as operating revenues because those transactions constitute the proprietary fund’s principal ongoing operations. If this proprietary fund reports interest expenses associated with borrowings that finance operations, would the interest expenses be reported as operating expenses?
- A – No. Interest expenses related to financing are always reported as nonoperating expenses. The interest revenues are related to the operations of the program, whereas the interest expenses are related to how the fund obtained resources (financing) to operate its lending program.

Implementation Guide 2025-1 Q&A

Interest Revenues – BTA

- Q – If the principal ongoing operation of a business-type activity (BTA) or an enterprise fund is leasing property to other entities, should interest revenue related to leases be reported as operating revenue?
- A – No. Interest revenue is a revenue related to financing, which, in accordance with paragraph 13 of Statement 103, is a nonoperating revenue unless financing transactions constitute the proprietary fund’s principal ongoing operations. If the principal ongoing operation of a BTA or an enterprise fund is leasing property to other entities, the principal ongoing operation is conveying control of the right to use an underlying asset. Because interest revenue related to a lease is recognized from financing the operation of conveying control of the right to use an underlying asset, rather than from the operation itself, interest revenue from a lease should not be reported as operating revenue.

Implementation Guide 2025-1 Q&A

Subsidies

- Q – How should subsidies be classified if resources are used for the acquisition of capital assets in circumstances in which the provider of a subsidy did not limit the use of the resources to the acquisition of capital assets?
- A – Subsidies are classified as noncapital subsidies if the provider of the subsidy either does not limit the use of the resources or limits the use of the resources to something other than the acquisition of capital assets. Subsidies are only classified as capital subsidies (that is, all subsidies other than noncapital subsidies) if the provider of the subsidy has limited the use of the resources to the acquisition of capital assets. The recipient's use of all or a portion of a subsidy for capital purposes does not, by itself, result in all or a portion of the subsidy being classified as a capital subsidy. Subsidies other than noncapital subsidies should be reported as other nonoperating revenues & expenses.

Implementation Guide 2025-1 Q&A

PILOTS as Subsidies

- Q – Do payments in lieu of taxes (PILOTs) made by a BTA or a proprietary fund meet the definition of subsidies?
- A – It depends on the substance of the transaction. In many circumstances, a PILOT is an arrangement in which (a) a payment from a BTA or proprietary fund is made either to the general fund of the primary government or to another government to compensate for tax revenue lost due to tax exemptions for the purpose of supporting general governmental activities & (b) the BTA or proprietary fund establishes a rate or fee that produces operating income greater than or equal to the amount of the PILOT. In these circumstances, the PILOT would meet the definition of subsidies. However, in other circumstances, a PILOT is a payment from a BTA or proprietary fund to another government or fund for goods or services provided to the BTA or proprietary fund. In those circumstances, the PILOT would not meet the definition of subsidies. The name of the arrangement is not relevant to the determination of whether it is a subsidy for accounting & financial reporting purposes.

Implementation Guide 2025-1 Q&A

Healthcare Subsidies

- Q – An insured individual receives covered healthcare services from a governmental healthcare provider, resulting in recognition of a revenue & receivable by the governmental healthcare provider. The third-party insurer is responsible for making payments to the governmental healthcare provider in accordance with the terms of the insurance contract. Does this circumstance meet the criterion established in paragraph 14a of Statement 103 for purposes of the definition of subsidies?
- A – No. Even though the third-party insurer did not directly receive goods or services from the governmental healthcare provider, those payments do not meet the criterion in paragraph 14a. The insured individual received goods or services from the governmental healthcare provider that resulted in the healthcare provider receiving resources in the form of a receivable. The third-party insurer is paying the governmental healthcare provider in place of the insured individual because of the contractual relationship between the insured individual & the third-party insurer.

Major Component Units



GASB 103 requires governments to present each major component unit separately in the reporting entity's statement of net position & statement of activities, unless doing so would reduce the readability of the financial statements.



If the readability of those statements would be reduced, combining statements of major component units should be included after the fund financial statements.



GASB 103 eliminates the option to present major component unit information solely in the reporting entity's notes to financial statements.



The criteria for determining a major component unit remains unchanged from GASB 14 & continues to be based on the nature & significance of its relationship to the primary government.

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	\$ 17,247	\$ 60,133
Investments	9,487	27,744	14,972	52,203
Receivables, net	2,946	6,486	24,827	34,259
Inventories	-	1,517	765	2,282
Other assets	-	407	992	1,399
Capital assets:				
Nondepreciable capital assets	171	147,234	14,985	162,390
Depreciable capital assets, net	7,857	252,813	45,262	305,932
Total assets	<u>31,389</u>	<u>468,159</u>	<u>119,050</u>	<u>618,598</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related items	814	2,404	1,397	4,615
OPEB-related items	42	-	36	78
Debt refundings	-	9,185	267	9,452
Total deferred outflows of resources	<u>856</u>	<u>11,589</u>	<u>1,700</u>	<u>14,145</u>
LIABILITIES				
Accounts payable and accrued expenses	1,963	6,299	3,463	11,725
Advances	-	529	93	622
Long-term liabilities:				
Short-term portion				
Bonds payable	-	8,441	970	9,411
Other	255	276	114	645
Long-term portion				
Bonds payable	-	162,164	6,195	168,359
Net pension liability	5,656	19,308	12,317	37,281
Net OPEB liability	57	1,837	187	2,081
Other	11	367	37	415
Total liabilities	<u>7,942</u>	<u>199,221</u>	<u>23,376</u>	<u>230,539</u>
DEFERRED INFLOWS OF RESOURCES				
Pension-related items	246	670	1,780	2,696
OPEB-related items	18	-	17	35
Total deferred inflows of resources	<u>264</u>	<u>670</u>	<u>1,797</u>	<u>2,731</u>
NET POSITION				
Net investment in capital assets	8,016	260,554	54,412	322,982
Restricted for:				
Debt service	-	9,733	3,244	12,977
Capital projects	-	1,812	8,032	9,844
Other purposes	-	-	21,927	21,927
Unrestricted	16,023	7,758	7,962	31,743
Total net position	<u>\$ 24,039</u>	<u>\$ 279,857</u>	<u>\$ 95,577</u>	<u>\$ 399,473</u>

Sample City
Combining Statement of Activities
Discretely Presented Component Units
for the Year Ended 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 3.

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Energy Authority	Airport	Nonmajor Component Units	Total
Component units:								
Energy authority	\$ 26,925	\$ 26,723	\$ -	\$ -	\$ (202)			\$ (202)
Airport	51,306	34,520	9,237	10,168		\$ 2,619		2,619
Nonmajor component units	32,787	11,748	7,266	2,734			\$ (11,039)	(11,039)
Total component units	\$ 111,018	\$ 72,991	\$ 16,503	\$ 12,902	(202)	2,619	(11,039)	(8,622)
General revenues:								
Taxes:								
Sales taxes					-	-	6,340	6,340
Property taxes					-	-	3,153	3,153
Investment earnings					554	1,523	957	3,034
Total general revenues					554	1,523	10,450	12,527
Change in net position					352	4,142	(589)	3,905
Net position—beginning of period					23,687	275,715	96,166	395,568
Net position—end of period					\$ 24,039	\$ 279,857	\$ 95,577	\$ 399,473

Budgetary Comparison Information

GASB 103 requires governments to present budgetary comparison information exclusively as RSI, removing the option to include as a basic financial statement.

Governments also are required to present (1) variances between original & final budget amounts & (2) variances between final budget & actual amounts.

Explanation of significant variances is required to be presented in notes to RSI.

Required Supplementary Information

Sample City

Budgetary Comparison Schedule

General Fund

for the Year Ended June 30, 20X6

(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)
Budgetary excess of revenues over expenditures	6,015	9,876	3,861	17,240	7,364
BUDGETARY OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	275	275
Transfers in	2,630	2,630	-	2,630	-
Transfers out	(1,871)	(2,713)	(842)	(662)	2,051
Total budgetary other financing sources (uses)	759	(63)	(842)	2,243	2,326
UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE					
Grant revenues	-	2,500	2,500	2,500	-
Cleanup	-	(10,000)	(10,000)	(10,000)	-
Total	-	(7,500)	(7,500)	(7,500)	-
Net change in fund balances	6,774	2,293	(4,481)	11,983	9,690
Budgetary fund balance—beginning of period	55,009	55,009	-	55,009	-
Budgetary fund balance—end of period	\$ 61,783	\$ 57,302	\$ (4,481)	66,992	\$ 9,690
RECONCILIATION TO GAAP BASIS					
Total fund balance GAAP basis				\$ 66,992	

Required Supplementary Information
Sample City
Budgetary Comparison Schedule
Public Safety and Transportation Special Revenue 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	\$ 49,825	\$ 49,825	\$ -	\$ 51,442	\$ 1,617
Intergovernmental	29,750	29,750	-	30,337	587
Charges for services	6,720	6,720	-	6,848	128
Investment earnings	1,900	1,900	-	2,295	395
Total budgetary revenues	<u>88,195</u>	<u>88,195</u>	<u>-</u>	<u>90,922</u>	<u>2,727</u>
BUDGETARY EXPENDITURES					
Current:					
General government	13,665	15,305	1,640	15,083	(222)
Public safety	58,000	58,250	250	58,452	202
Public works	16,265	16,945	680	16,934	(11)
Total budgetary expenditures	<u>87,930</u>	<u>90,500</u>	<u>2,570</u>	<u>90,469</u>	<u>(31)</u>
Net change in fund balances	265	(2,305)	2,570	453	2,758
Budgetary fund balance—beginning of period	4,024	4,024	-	4,024	-
Budgetary fund balance—end of period	<u>\$ 4,289</u>	<u>\$ 1,719</u>	<u>\$ 2,570</u>	<u>4,477</u>	<u>\$ 2,758</u>
RECONCILIATION TO GAAP BASIS					
Total fund balance GAAP basis				<u>\$ 4,477</u>	

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.	\$ (2,528)	\$ -
UNUSUAL OR INFREQUENT ITEM		
Differences—original budget to final budget:		
The City experienced flood damage during the current fiscal year. During the year, the City increased the original budget to account for the State grants received to address the flood damage.	\$ 2,500	\$ -
During the year, the City increased the original budget to account for the spending required to address the flood damage.	(10,000)	-

Note: This explanation of significant differences is shown in a tabular format. Governments can show this information in other styles such as paragraph form if they choose.

Financial Trends Information in the Statistical Section

- When a statistical section is included in separately issued financial reports, governments that engage solely in business-type activities or in both business-type & fiduciary activities should present revenues distinguishing between operating, noncapital subsidy, & other nonoperating revenues & expenses.

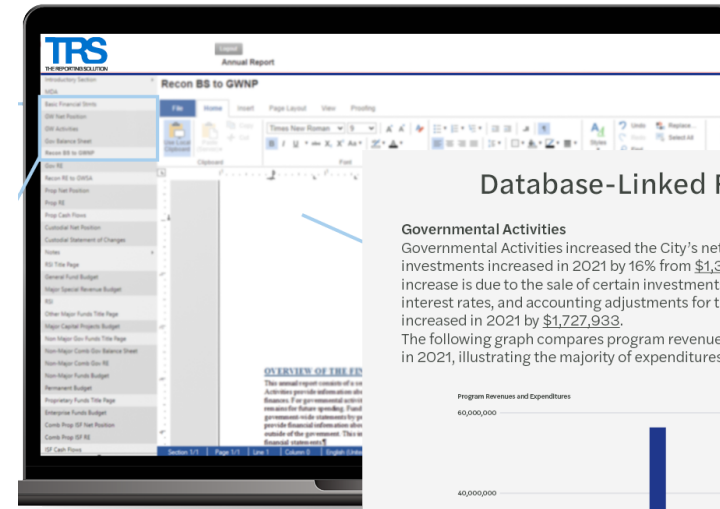
03

Supporting GASB 103 With The Reporting Solution (TRS)



Supporting GASB 103 With The Reporting Solution (TRS)

- Web-based – runs in all standard internet browsers
- GASB 103 raises expectations for clearer, more consistent, & more accountable financial reporting
- TRS is designed to support complex ACFR reporting through a repeatable, system-driven process
- Centralizes financial data, adjustments, & narratives in one controlled environment
- Enables teams to adapt to new presentation & disclosure requirements without rebuilding reports from scratch
- Supports implementation efforts amid staffing constraints & tight reporting timelines

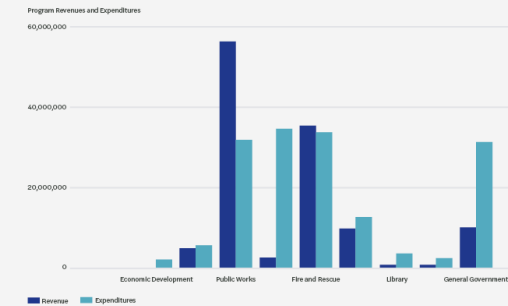


Database-Linked Financial Reports

Governmental Activities

Governmental Activities increased the City's net position by \$29,793,519. Earnings on investments increased in 2021 by 16% from \$1,323,775 in 2017 to \$225,793 in 2021. This increase is due to the sale of certain investments as part of a managed portfolio, market interest rates, and accounting adjustments for the unrealized losses. Property tax revenue increased in 2021 by \$1,727,933.

The following graph compares program revenues and expenditures of Government Activities in 2021, illustrating the majority of expenditures are related to public services and safety.



Supporting GASB 103 With The Reporting Solution (TRS)

- Database-linked financial statements that automatically update across the report
- Trial balance uploads & adjustments flow directly to financial statements & related disclosures
- DataLinks connect numbers to narrative sections to reduce manual updates & rework
- Ability to drill down from statements to supporting general ledger detail
- Built-in checks that help flag discrepancies & improve consistency year over year

Management's Discussion & Analysis

Financial Highlights

General Fund Cash is \$48,028,117 in the current fiscal year.

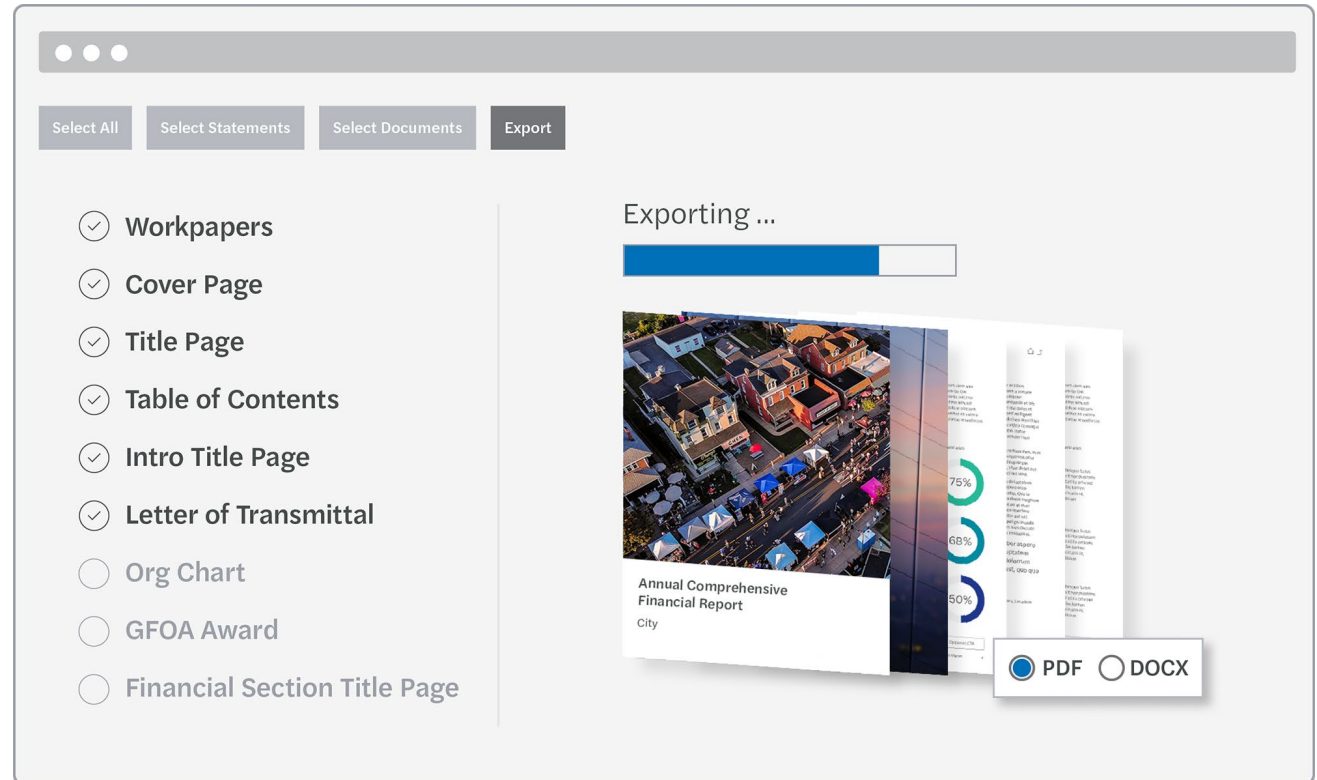
Governmental Balance Sheet

		General Fund	Urban Renew Auth
Assets	Cash	\$48,028,117	
Liabilities	AP		
Fund Balance	Nonspend	Post Adjustment to Cash	
		\$998,000	Update



Supporting GASB 103 With The Reporting Solution (TRS)

- Multi-user, web-based platform allows teams to work simultaneously
- Built-in task assignment, status tracking, & notes improve visibility across the reporting process
- Reduces version control issues common with Word & Excel-based workflows
- Maintains formatting & structure consistency across reporting periods
- Final reports can be exported to PDF & Word for submission & review



04

GASB Implementation Guide Exposure Draft



GASB Exposure Draft

Financial Reporting Model Improvements—Subsidies

- GASB has released an [Exposure Draft](#) for the Proposed Implementation Guide on Financial Reporting Model Improvements—Subsidies, connected to Statement 103, *Financial Reporting Model Improvements*.
- Provide your feedback to GASB.
- The feedback process is now more accessible than ever.
 - Complete an [online feedback form](#) or
 - Send a formal comment letter.
- All comments must be submitted by **April 27, 2026**.

Implementation Guide Exposure Draft Healthcare Supplemental Payments

- Q – A government provides supplemental payments to hospitals in addition to the standard contractual Medicaid base payments made on a fee-for-service or managed-care basis. In this circumstance, the supplemental payments are not part of any contractual relationship between the patient & the government for healthcare coverage. Do those supplemental payments received by a hospital that reports as a BTA or an enterprise fund meet the definition of subsidies in paragraph 14a of Statement 103?
- A – Yes. In contrast to a circumstance in which there is a contractual relationship between the patient & the government for healthcare coverage, the patient has no contractual relationship for healthcare coverage associated with supplemental payments. Therefore, in this circumstance, the supplemental payments would meet the definition of subsidies because the payments (a) are not related to the goods or services provided by the hospital as part of the contractual relationship with the patient & (b) allow the hospital's current or future charges to be lower than they would be otherwise. (See also Question 4.7 in Implementation Guide 2025-1 regarding contractual arrangements for covered medical services.)

Implementation Guide Exposure Draft

Donations for Scholarships

- 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 & (b) keep the higher education institution’s current or future tuition or other charges lower than they would be otherwise.
- Q—Would the answer to Question 4.2 change if published tuition rates do not change based on the donations for scholarships received?
- A—No. Regardless of whether published tuition rates change, donations for scholarships either directly or indirectly keep current or future tuition or other charges paid lower than they would be otherwise. Therefore, even if published tuition rates do not change, donations for scholarships meet the definition of subsidies.

Implementation Guide Exposure Draft

Research Grants

- Q – Do research grants received by a higher education institution that reports as a BTA or an enterprise fund meet the criterion established in paragraph 14a(2) of Statement 103 for purposes of the definition of subsidies?
- A – It depends on the substance of the transaction. For example, if the higher education institution receives a research grant that is used to offset operating expenses, such as salaries & laboratory costs, that would exist in the absence of the grant, the grant funds received would allow the higher education institution to keep the tuition or other charges lower compared to what would be charged had the higher education institution not received the grant. Therefore, in this circumstance, the research grant would meet the criterion established in paragraph 14a(2). In contrast, other research grants are not used to offset operating expenses, such as salaries & laboratory costs, that would exist in the absence of the grant. In those circumstances, the grant funds received would not allow the higher education institution to keep the tuition or other charges lower compared to what would be charged had the higher education institution not received the grant. Therefore, those research grants would not meet the criterion established in paragraph 14a(2) because the proceeds would not keep current or future tuition or other charges lower than they would be otherwise.

Implementation Guide Exposure Draft

Taxes Imposed by BTA

- 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 & (b) directly or indirectly keep the BTA's current or future fees & charges lower than they would be otherwise.

Implementation Guide Exposure Draft

Passenger Facility Charges

- 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 & (b) allow the airport to directly or indirectly keep current or future fees & charges to airlines & concessionaires lower than they would be otherwise.

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