



# GASB Update for Healthcare Organizations

May 28, 2025

# Agenda

1. Upcoming Effective Dates
2. GASB Projects
3. Hot Topic - FDTA





# Meet Today's Presenters



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# Upcoming Effective Dates

## Overview

Fiscal Periods Beginning After (early adoption encouraged)

December 15, 2023

No. 101  
Compensated  
Absences

June 15, 2024

No. 102  
Risk Disclosures

June 15, 2025

No. 103  
Financial Reporting  
Model

No. 104  
Capital Asset  
Disclosures

# Statement 101, Compensated Absences



# 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

# 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

# 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



# 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

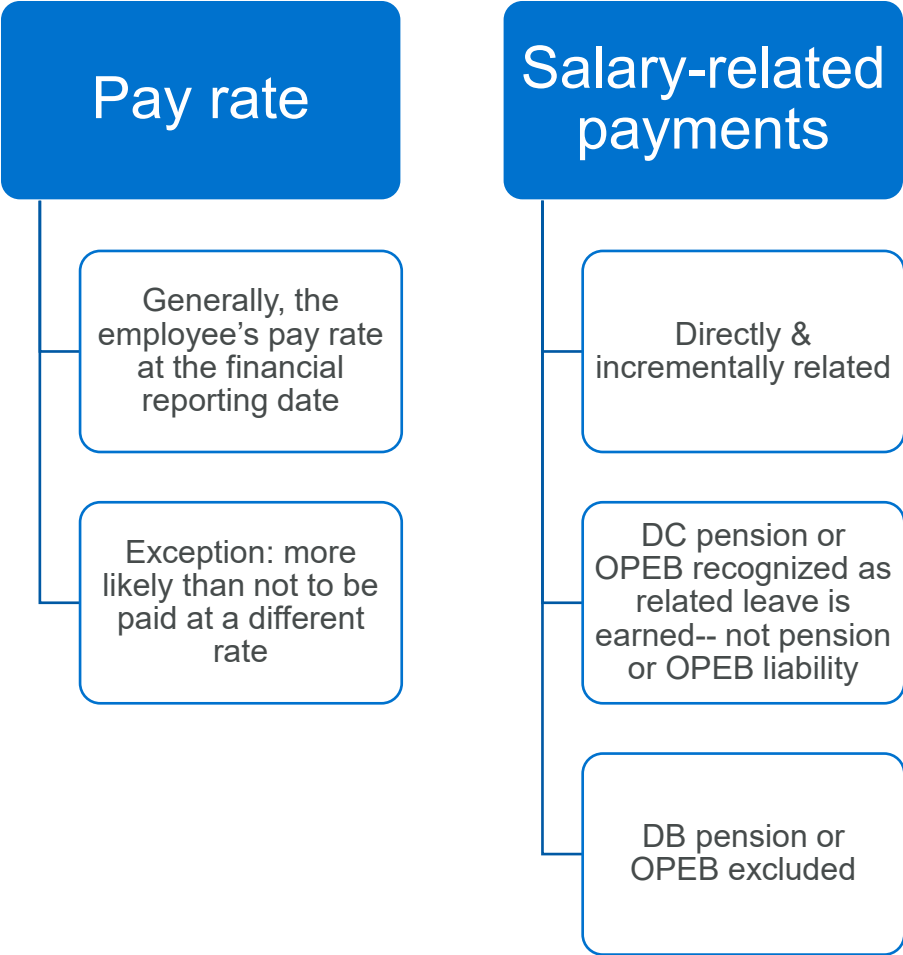
- Recognize liability when used

# 101 Compensated Absences

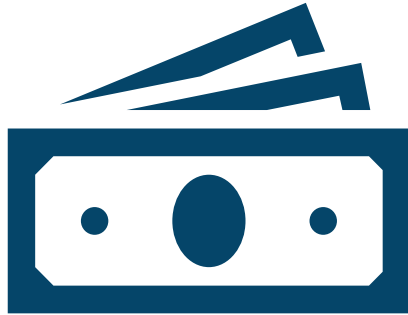
## **Recognition – Leave Used but Not Paid**

A liability should be reported when leave is used for time off but has not yet been paid in cash or settled through noncash means – including unlimited leave & date-specific holiday leave. The liability should be measured at the amount of the cash payment or noncash settlement to be made for the use of the leave

# 101 Compensated Absences Measurement

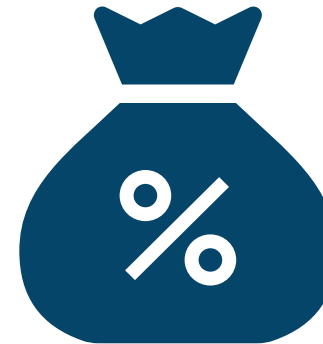


# 101 Compensated Absences Lease Used But Not Paid



Liability for amount of cash  
payment or noncash  
settlement

Include applicable salary-  
related payments





# 101 Compensated Absences

## Note Disclosure

### Note disclosures

- 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

# Statement 102, Risk Disclosures



## 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

# 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



## 102, Certain Risk Disclosures

### Examples (nonexhaustive)

#### Concentration: Composition of:

- 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

## 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.

## 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.

# 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.



## 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.**

## 102, Certain Risk Disclosures Level of Detail for Assessment

Primary  
Government



All other reporting  
units that report a  
liability for  
revenue debt

## 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.

# Statement 103, Financial Reporting Model





## Statement 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, budget presentation.

**Do not underestimate the effort involved.**

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



Statement 103 Effective Date

Fiscal Years Beginning After  
June 15, 2025

# Statement 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

# Statement 103, Financial Reporting Model

## 1. MD&A

### Five Required Sections

Overview of  
Financial  
Statements

Financial  
Summary

Detailed  
Analyses

Significant  
Capital  
Asset &  
Long-Term  
Financing  
Activity

Currently  
Known  
Facts,  
Decisions,  
or  
Conditions

# Statement 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.

# Statement 103, Financial Reporting Model

## 2. 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

# Statement 103, Financial Reporting Model

## 3. 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



# Statement 103, Financial Reporting Model

## 3. 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, &
  - 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, &
  - 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!*

# Statement 103, Financial Reporting Model

## 3. 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

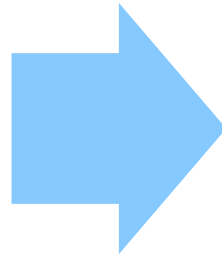
Fund net position—end of period

# Statement 103, Financial Reporting Model

## 4. 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

# Statement 103, Financial Reporting Model

## 5. 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

# Statement 103, Financial Reporting Model

## 5. Statistical Section

In the statistical section of separately issued financial reports, governments engaged only in business-type activities or only in business-type & fiduciary activities should present revenues by major source for their business-type activities, distinguishing between operating, noncapital subsidy, & other nonoperating revenues & expenses.

# Statement 104, Capital Assets Disclosures





## Statement 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

# Statement 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

# Statement 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

## Statement 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 business-type activities.

# GASB Project Plans



# 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. 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.

# 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, with comments due by June 30, 2025.

# 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

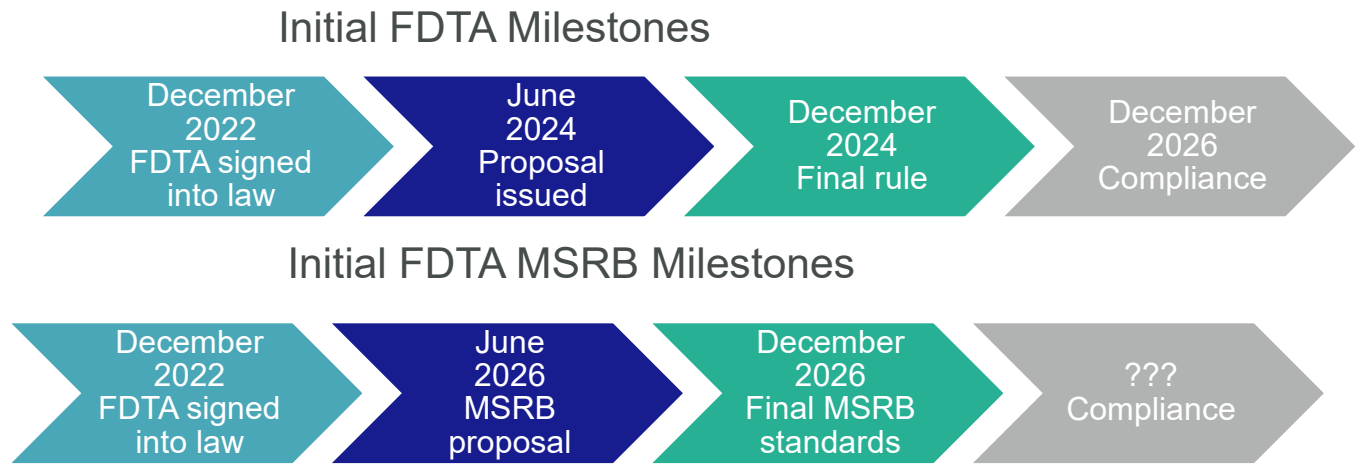
# Hot Topics



# 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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