

GASB Update 2026

The Latest and
Greatest....Fun!



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Introductions

Moderator: Don Shaw, CPA
- *Principal, Lauterbach & Amen LLP*

Speaker: Lindsey Fish, CPA
- *Principal, Sikich CPA LLC*

Speaker: Matthew A. Geerdes, CPA, MBA
- *Principal, Sikich CPA LLC*



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Presentation Agenda

- Kickoff Discussions – 2025 Implementations
- New Standards Released – 2026 Impacts and Beyond
- GASB Projects and Exposure Drafts – What’s the next batch of fun?
- GASB 103 – Financial Reporting Model Improvements – Preparing for adoption in 2026

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Kickoff Discussion – 2025 Implementations

GASB Statement 101 – Compensated Absences + GASB Statement 102 – Certain Risk Disclosures

- Required to be adopted for FY25
 - GASB 101 – GAAP basis only (unless District SSAP is modified to include this liability)
 - GASB 102 – All Districts



How did the adoption go?
What were the challenges?

What are you doing for continuous accounting in FY26?

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New Standards Released - 2026

2026 Implementations

- GASB 103 – Financial Reporting Model Improvements
- GASB 104 – Disclosure of Certain Capital Assets
- GASB Implementation Guide No. 2026-1 – Implementation Guide Update 2026 – *Release Pending as of April 2026*

Long Term Implementations

- GASB 105 – Subsequent Events – FY27

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GASB Statement No. 104 – Disclosure of Certain Capital Assets

Issued September 2024 and required for FY26

Objective - Update disclosure requirements for certain types of capital assets, including right-of-use assets (GASB 87/94/96) & capital assets held for sale

Changes to Capital Asset Footnotes

- Separate disclosures required for:
 - GASB 87 lease assets – by major class of asset
 - GASB 94 right to use assets recognized by operator – by major class of asset
 - GASB 96 subscription assets
 - Any intangible assets not otherwise considered under GASB 87/94/96
- Disclosure is for both cost and related amortization

Adoption = additional line items in the capital asset rollforward

GASB Statement No. 104 – Disclosure of Certain Capital Assets

Capital Asset Disclosure - Example

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 50,067,172	\$ -	\$ -	\$ 50,067,172
Development in progress	-	53,114	53,114	-
Construction in progress	22,974,097	12,357,720	25,461,699	9,870,118
Total capital assets, not being depreciated	73,041,269	12,410,834	25,514,813	59,937,290
Capital assets, being depreciated				
Buildings	191,856,915	24,608,316	-	216,465,231
Machinery, equipment and vehicles	33,208,145	3,377,142	935,135	35,650,152
Infrastructure	206,411,089	1,415,056	-	207,826,145
Intangible assets				
Subscription assets	-	95,219	-	95,219
Lease assets - equipment	938,657	60,017	938,657	60,017
Total capital assets, being depreciated	432,414,806	29,555,750	1,873,792	460,096,764
Less accumulated depreciation for:				
Buildings	(78,425,803)	(4,767,749)	-	(83,193,552)
Machinery, equipment and vehicles	(21,468,057)	(2,138,804)	(925,961)	(22,680,900)
Infrastructure	(120,858,864)	(5,353,077)	-	(126,211,941)
Intangible assets				
Subscription assets	-	(23,805)	-	(23,805)
Lease assets - equipment	(375,464)	(57,165)	(426,203)	(6,426)
Total accumulated depreciation	(221,128,188)	(12,340,600)	(1,352,164)	(232,116,624)
Total capital assets, being depreciated, net	211,286,618	17,215,150	521,628	227,980,140
Total governmental activities capital assets	\$ 284,327,887	\$ 29,625,984	\$ 26,036,441	\$ 287,917,430



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GASB Statement No. 104 – Disclosure of Certain Capital Assets

Capital Assets Held For Resale

Two criteria to be met (BOTH MUST BE PRESENT)

Entity has decided to pursue sale of the asset

Probable (likely to occur) that the sale will be finalized within one year of the financial statement date

Factors for determining whether sale is probable (not limited to)

Asset is available for immediate sale in present condition

The entity is actively looking to find a buyer (program to identify has been initiated)

Market conditions for selling that type of asset

Regulatory approvals required for asset sale

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GASB Statement No. 104 – Disclosure of Certain Capital Assets

Capital Assets Held for Resale

- Reassessment of held for sale criteria required for each reporting period
- Disclosure = **CONTINUE** to report the asset held for sale in the appropriate major class of capital asset on the rollforward, but a separate disclosure regarding historical cost and accumulated depreciation/amortization should be added to the notes
 - Separate disclosure required for carrying amount of debt for which capital assets held for sale are pledged
 - Disclosure broken down into governmental activities and business-type activities

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GASB Statement No. 105 – Subsequent Events

Issued in December 2025 and required adoption for FY27

Objective – address issues related to

- (1) confusion about and challenges associated with applying the existing standards
- (2) inconsistency in practice in the information provided about subsequent events
- (3) the usefulness of the information provided about subsequent events

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GASB Statement No. 105 – Subsequent Events

Subsequent Event - Defined

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

The date the financial statements are available to be issued is the date at which:

- (a) the financial statements are complete in a form and format that complies with generally accepted accounting principles (GAAP), and
- (b) all approvals necessary for issuance have been obtained.

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GASB Statement No. 105 – Subsequent Events

Recognized Event	Nonrecognized Event
<ul style="list-style-type: none"> ▪ (a) is indicative of conditions existing at the financial statement date, and ▪ (b) informs the inputs to an accounting estimate measured as of the financial statement date. <p>Effects of recognized events <u>should be incorporated into the measurement of accounting estimates</u> reported as of the financial statement date.</p>	<p>Has a significant effect (favorable or unfavorable) on the basic financial statements in the reporting period in which the event occurs and is one of the following:</p> <ul style="list-style-type: none"> ▪ <u>Debt-related transaction</u> ▪ Government combination or a disposal of government operations ▪ Change to the legally separate entities that compose the financial reporting entity ▪ <u>Transaction or other event that is of such nature that the information items are essential to a user's analysis for making decisions or assessing accountability</u> <p>Notes to financial statements impact only and includes financial statement impact or disclosure of why not provided</p>

GASB Projects and Exposure Drafts

Topic	Milestone	Expected Date
Infrastructure Assets	Exposure Draft Document	2026 Q1
Implementation Guidance Update 2026	Exposure Draft Document – Comments due April 27, 2026	2026 Q2 – Final Document
Revenue and Expense Recognition	Exposure Draft Document	2027 Q1
Going Concern/Severe Financial Stress	Exposure Draft Document	2027 Q2

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Revenue and Expense Recognition

CONCEPT:

- Comprehensive model for recognition of revenues and expenses

PURPOSE:

- Guidance for exchange transactions is limited
- Guidance for nonexchange transactions could be improved and clarified

STATUS:

- Preliminary Views Redeliberation

NEXT STAGE:

- Exposure Draft – currently estimated Q1 2027

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Revenue and Expense Recognition

Detailed Project Objectives	
Areas where there is no guidance	Expenses
Areas where there is limited guidance	Certain revenues
Practice issues and challenges	GASB Statement No. 33
Incorporation of the GASB Conceptual Framework	Issued after GASB Statement No. 33 was released
Other US GAAP models that are understood	Performance obligations – FASB ASC 606

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Revenue and Expense Recognition

Transaction Type and Example

- Nonexchange Revenue – Taxes (property, sales, income)
- Nonexchange Expenses – Grants and intergovernmental agreements
- Exchange Revenues – Utility fees, water, electric, District sales
- Exchange Expenses – Fees for services and certain intergovernmental agreements

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Revenue and Expense Recognition

Performance Obligations – What are they?

- Definition – distinct goods and/or services identified in an exchange transaction
- Unit of account used for recognition
- Also considered is transfer of control of resources and then recognition of an accrual (receivables or payables) prior to revenue/expense recognition

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Severe Financial Stress and Probable Dissolution

CONCEPT:

- Review existing standards related to going concern
- Address issues related to disclosures regarding going concern uncertainties and severe financial stress

PURPOSE:

- Existing guidance presents challenges that result in diversity in practice
- Some governments experience severe financial stress but do not dissolve and others dissolve for reasons other than severe financial stress

STATUS:

- Preliminary Views Redeliberation

NEXT STAGE:

- Exposure Draft – currently estimated Q2 2027



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Severe Financial Stress and Probable Dissolution

CURRENT STATE OF AFFAIRS FOR DISTRICTS:

Districts are required under auditing standards to specifically assess going concern from management's perspective – REQUIRED TO BE AUDITED

Auditors report on going concern in the Independent Auditor's Report

MODIFICATION OF GOING CONCERN AS WE KNOW IT:

- 1) Split into 2 concepts – Severe Financial Stress (SFS) and Probable Dissolution (PD)
- 2) Going Concern language would be removed from GASB literature

(NOT IMPACTING THE AICPA LANGUAGE IN AUDITING STANDARDS + INDEPENDENT AUDITOR'S REPORT – MAJOR PRACTICE ISSUE)

Severe Financial Stress (SFS)	Probable Dissolution (PD)
Condition existing as of financial statement date	Uncertainty about future existence occurring
Regardless of continued existence	Regardless of financial condition

Districts could be required to make SFS disclosures, PD disclosures or both

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Severe Financial Stress and Probable Dissolution

Severe Financial Distress – APPLICABLE FOR DISTRICTS

Disclosures required if government is experiencing financial difficulties such that it is near or at the point of insolvency

- Regardless of continued existence
- Condition as of the financial statement date
- Guidance to help evaluate whether government is near insolvency (proximity indicators vs time indicators)

Disclosures To Include:

Reasons and causes for the condition

District's evaluation of significance of those reasons and causes

Actions taken in response

Known effects

Additional disclosures in subsequent periods if condition persists or is alleviated

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Severe Financial Stress and Probable Dissolution

Probable Dissolution – VERY RARE BUT COULD BE APPLICABLE FOR DISTRICTS

Disclosures required if probable that government will cease to exist as legally separate entity within 12 months from the date the financial statements are available to be issued

- Regardless of financial condition
- Could be merger, acquisition, or dissolution without replacement

Disclosures To Include:
Statement that there is probable dissolution
Reasons and causes for probable dissolution
District's evaluation of significance of those reasons and causes
Actions taken in response
Recoverability or classification of assets and liabilities
Additional disclosures in subsequent periods if probable dissolution persists or no longer present

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GASB Statement No. 103 – Financial Reporting Model Improvements

Issued April 2024 and required adoption for FY26

Improvement Impacts

- *Management's Discussion and Analysis*
- *Unusual or Infrequent Items*
- Presentation of Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position, Definition of Operating Revenues and Expenses and Description of Nonoperating Revenues and Expenses
- Major Component Unit Presentation
- *Budgetary Comparisons – Required Supplementary Information*
- Statistical Section – Financial Trends Information

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GASB Statement No. 103 – Financial Reporting Model Improvements

Management's Discussion and Analysis

- Focus on current year balances and results of operations in comparison to prior year – fact-based analysis with emphasis on the “why”
 - Seek to avoid unnecessary duplication and “boilerplate” discussion
- Focus should be on the primary government (no discussion of District component units, if any)
- Fewer required elements



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GASB Statement No. 103 – Financial Reporting Model Improvements

Management’s Discussion and Analysis

Old Model	GASB 103 Revisions
Discussion of the basic financial statements	Overview of the financial statements
Condensed financial information	Financial summary
Analysis of the government’s overall financial position and results of operations	Detailed analyses
Analysis of the balances and transactions of individual funds	Significant capital asset and long-term financing activity
Description of capital asset and long-term debt activity	Currently known facts, decisions, or conditions
Currently known facts, decisions or conditions of future significance	
Analysis of budgetary variations	
Discussion of infrastructure accounted for using the modified approach	

GASB Statement No. 103 – Financial Reporting Model Improvements

MANAGEMENT'S DISCUSSION AND ANALYSIS – EXAMPLE

Revenue Growth – Lunch Sales

- The District's sales of lunch to students increased from the prior year by 0.5% in 20X5, which was primarily due to an increase in meal counts that occurred.

THOUGHTS?



GASB Statement No. 103 – Financial Reporting Model Improvements

MANAGEMENT'S DISCUSSION AND ANALYSIS – EXAMPLE

Revenue Growth – Lunch Sales

- The District's sales of lunch to students, which is one of the larger revenue sources not originated from taxes or state funding, amounted to \$1 million in 20X5. While student average daily attendance at the District was flat compared to prior years, increases in prices helped to slightly increase revenues compared to the prior year by 0.5%.

THOUGHTS?

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GASB Statement No. 103 – Financial Reporting Model Improvements

Unusual or Infrequent Items

- Replaces previous categories of extraordinary items and special items
- Definition does not change – Transaction or event must be unusual in nature and infrequent in occurrence
- Presentation requirements
 - Last items before net change in net position or in fund balance
 - Multiple items should be presented gross, not netted

Example: Disaster recovery grant intended to help a District recover from an unusual or infrequent natural disaster (inflow) and impairment loss from damage caused by the same natural disaster (outflow)

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GASB Statement No. 103 – Financial Reporting Model Improvements

BUDGETARY OTHER FINANCING SOURCES (USES)

Proceeds from sale of capital assets	-	-	-	275	275
Transfers in	2,630	2,630	-	2,630	-
Transfers out	<u>(1,871)</u>	<u>(2,713)</u>	<u>(842)</u>	<u>(662)</u>	<u>2,051</u>
Total budgetary other financing sources (uses)	<u>759</u>	<u>(83)</u>	<u>(842)</u>	<u>2,243</u>	<u>2,326</u>

UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE

Grant revenues	-	2,500	2,500	2,500	-
Cleanup	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>

Net change in fund balances	6,774	2,293	(4,481)	11,983	9,690
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Budgetary fund balance—beginning of period	<u>55,009</u>	<u>55,009</u>	<u>-</u>	<u>55,009</u>	<u>-</u>
Budgetary fund balance—end of period	<u>\$ 61,783</u>	<u>\$ 57,302</u>	<u>\$ (4,481)</u>	<u>66,992</u>	<u>\$ 9,690</u>

RECONCILIATION TO GAAP BASIS

Total fund balance GAAP basis				<u>\$ 66,992</u>	
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\$ 66,992

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GASB Statement No. 103 – Financial Reporting Model Improvements

Proprietary fund financial statements

- Change to the format of the statement of revenues, expenses and changes in fund net position
- Redefines operating and nonoperating revenues and expenses
- Defines new category - subsidies

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

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GASB Statement No. 103 – Financial Reporting Model Improvements

	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	<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	5,786
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	<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	1,496	75	103	1,674	446
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>3,556</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>906</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>



GASB Statement No. 103 – Financial Reporting Model Improvements

Budgetary Comparison Information

- Presentation in basic financial statements no longer allowed (i.e. all RSI for GAAP basis)
- Two variance columns required
 - Variance between original and final budgets
 - Variance between final budget and actual results
- Notes to Required Supplementary Information required to explain significant variances

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GASB Statement No. 103 – Financial Reporting Model Improvements

Budgetary Comparison Information – Example #1 – Amended Budget

Required Supplementary Information
General Fund
Schedule of Revenues Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2027

	Budgeted Amounts		Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual
	Original	Final			
REVENUES					
Taxes:					
Property	\$ 32,077,856	\$ 32,077,856	\$ -	\$ 31,331,171	\$ (746,685)
Sales	45,400,000	45,400,000	-	44,368,865	(1,031,135)
Franchise	1,345,000	1,345,000	-	1,537,833	192,833
Licenses and permits	4,166,256	4,166,256	-	2,649,889	(1,516,367)
Intergovernmental	11,381,830	11,414,391	32,561	9,705,931	(1,708,460)
Charges for services	17,738,732	17,738,732	-	19,207,530	1,468,798
Fines and forfeitures	7,762,650	7,762,650	-	6,670,562	(1,092,088)
Investment earnings	1,258,200	1,258,200	-	3,352,747	2,094,547
Payments in lieu of taxes	2,412,555	2,412,555	-	2,345,545	(67,010)
Miscellaneous	2,472,224	2,474,024	1,800	2,299,217	(174,807)
Total Revenues	126,015,303	126,049,664	34,361	123,469,290	(2,580,374)



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GASB Statement No. 103 – Financial Reporting Model Improvements

Budgetary Comparison Information – Example #2 – Original and Final Budget

Required Supplementary Information
Community Development Block Grant Fund
Schedule of Revenues Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2027



	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 2,965,000	\$ 2,326,726	\$ (638,274)
Investment earnings	4,200	8,795	4,595
Fees	55,000	50,534	(4,466)
Miscellaneous	30,000	-	(30,000)
Total Revenues	3,054,200	2,386,055	(668,145)

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Questions and Answers

We thank you for your time!

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