


2026 GASB Updates:

What You Need to Know

GASB Statement No. 103 | Financial Reporting Model Improvements

Effective for fiscal years beginning after June 15, 2025 (year ending December 31, 2026). This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

- **Management's Discussion and Analysis (MD&A):** Modifications are identified to improve the analysis included in the MD&A and provide details about the items that should be described in the section. Detailed analysis should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. The Statement emphasizes that the analysis provided should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information.
- **Unusual or Infrequent Items:** Unusual or infrequent items are transactions and other events that are either unusual in nature or infrequent in occurrence. Governments are to display inflows and outflows related to these items separately as the last presented flows of resources in the financial statements. Separate presentation of extraordinary and special items has been eliminated.
- **Presentation of the Proprietary Fund Statement of Revenues, Expense, and Changes in Fund Net Position:** The financial statement needs to distinguish between operating and nonoperating revenues and expense. Nonoperating items include subsidies, contributions to endowments, financing related transactions, resources from the disposal of capital assets and inventory, and investment income and expenses. The financial statement should separately report noncapital subsidies and include a subtotal for "operating income (loss) and noncapital subsidies" before reporting other nonoperating revenues and expenses.

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GASB Statement No. 103 | Financial Reporting Model Improvements *(continued)*

- **Major Component Unit Information:** Major component unit information should be presented separately in the statement of net position and statement of activities, so long as the readability of the statements is not affected.
- **Budgetary Comparison Information:** Budgetary comparison information should be presented only in RSI and not as part of the basic financial statements. Variances between the original and final budgeted amounts and variances between the final budgeted and actual amounts should be displayed with explanations of significant variances to be presented in the notes to RSI.
- **Financial Trends Information in Statistical Section of ACFR:** For governments engaged only in business-type activities the statistical section should present revenues by major source, distinguishing between operating, noncapital subsidy, and other nonoperating revenues and expenses.

GASB Statement No. 104 | Capital Asset Disclosures

Effective for fiscal years beginning after December 15, 2023 (year ending December 31, 2024). This Statement updates the recognition and measurement guidance for compensated absences by providing a unified model. It requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement establishes that a liability is recognized when (1) leave is attributable to services already rendered, (2) the leave accumulates and (3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

GASB Statement No. 105 | Subsequent Events

Effective for fiscal years beginning after June 15, 2024 (year ending December 31, 2025). This Statement provides users of government financial statements with essential information about risk related to a government's vulnerabilities due to certain concentrations (lack of diversity related to significant inflows or outflows of resources) or constraints (limitation imposed by an external party or by formal action of the entity's highest level of decision-making authority).

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