Preparing for GASB 103: What School Districts Need to Know

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During the Program

- All attendees' lines are muted
- Question board is available and monitored. Look for the Q&A icon on the webcast toolbar
- The chat feature has been disabled
- Slides and a recording of the webinar will be made available after the session
- There will be 4 polling questions during the webinar
    - You **must respond to 75% of the polling questions** to receive CPE credit
    - You don't need to have the right answer to get the credit

Polling Question 1

How prepared is your district for GASB 103 implementation for the fiscal year ending June 30, 2026?

A. Fully prepared
B. Mostly prepared
C. Early planning stages
D. Not yet started

GASB No. 103
Financial Reporting Model Improvements

What?

- Improvements to the financial reporting model – GASB No. 34, 35, 37, 41, and 46 and Interpretation 6

Why?

- Enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability, while addressing certain application issues.

When?

- Fiscal year ending **June 30, 2026**

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Financial Reporting Model Improvements

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What areas are impacted?

- Management's Discussion and Analysis
- Unusual or Infrequent Items
- Presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position
- Major Component Unit Information
- Budgetary Comparison Information

GASB No. 103
Financial Reporting Model Improvements

Management's Discussion and Analysis

- No significant changes, instead details what should be done
  - Analysis of balances and activity should explain <u>why</u>
  - Avoid "**boilerplate**" language
  - Avoid unnecessary **duplication**
  - More "**User-Friendly**"
  - **Shorter**, more **analytical**, **focused** on **significant** changes
  - Discussion within **Five Sections**

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Management's Discussion and Analysis

- Discussion within Five Categories
  1. Overview (*how statements are related, key differences*)
  2. Financial Summary (*government-wide with prior year*)
  3. Detailed Analyses (*government-wide and major funds*)
  4. Significant Capital Assets and Long-Term Financing Activity (*bonds/notes, leases, SBITAs, debt limits, credit ratings*)
  5. Currently Known Facts, Decisions or Conditions (*expected to impact future operations, budgets, net position/fund balance*)

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Financial Reporting Model Improvements

Management's Discussion and Analysis

1. Overview
   - Provide an overview of the different financial statements and their relationship with each other.
   - Focus on the differences in the types of information the statements provide.

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Financial Reporting Model Improvements

Management's Discussion and Analysis

2. Financial Summary

- Condensed, comparative (current year vs prior year) financial information – required elements (*see next slide*)
- Provide quick high-level view of financial position and results of operations before the detailed discussion
- Provide key financial highlights

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Financial Reporting Model Improvements

(1) Total assets, distinguishing between capital assets and other assets
(2) Total deferred outflows of resources
(3) Total liabilities, distinguishing between long-term liabilities and other liabilities
(4) Total deferred inflows of resources
(5) Total net position, distinguishing between the net investment in capital assets, restricted net position, and unrestricted net position
(6) Program revenues, by major source, distinguishing between charges for services, operating grants and contributions, and capital grants and contributions
(7) General revenues, by major source
(8) Total revenues
(9) Program expenses, at a minimum by function or identifiable activity, as appropriate
(10) Total expenses
(11) Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, transfers, and unusual or infrequent items
(12) Contributions to term and permanent endowments or permanent fund principal
(13) Transfers
(14) Unusual or infrequent items
(15) Beginning net position
(16) Change in net position
(17) Ending net position.

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	Governmental Activities		Business-Type Activities		Total	
	20X5	20X4	20X5	20X4	20X5	20X4
Current and other assets	$ 849,249	$ 760,540	$ 96,025	$ 100,640	$ 945,274	$ 861,180
Capital assets, net	1,845,379	1,781,939	576,876	566,000	2,422,255	2,347,939
Total assets	**2,694,628**	**2,542,479**	**672,901**	**666,640**	**3,367,529**	**3,209,119**
Deferred outflows of resources	**89,902**	**70,018**	**3,994**	**3,130**	**93,896**	**73,148**
Long-term liabilities	975,103	922,831	103,694	104,502	1,078,797	1,027,333
Other liabilities	40,321	46,197	23,601	24,965	63,922	71,162
Total liabilities	**1,015,424**	**969,028**	**127,295**	**129,467**	**1,142,719**	**1,098,495**
Deferred inflows of resources	**35,295**	**27,322**	**1,204**	**1,226**	**36,499**	**28,548**
Net position						
Net investment in capital assets	1,216,106	1,209,700	489,610	474,914	1,705,716	1,684,614
Restricted	705,464	711,690	17,514	14,985	722,978	726,675
Unrestricted	(187,759)	(305,243)	41,272	49,178	(146,487)	(256,065)
Total net position	**$ 1,733,811**	**$ 1,616,147**	**$ 548,396**	**$ 539,077**	**$ 2,282,207**	**$ 2,155,224**

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Financial Reporting Model Improvements

	Governmental Activities		Business-Type Activities		Total	
	20X5	20X4	20X5	20X4	20X5	20X4
Revenues						
Program revenues:						
Charges for services	$ 45,301	$ 41,393	$ 62,200	$ 59,998	$ 107,501	$ 101,391
Operating grants and contributions	38,163	31,057	-	-	38,163	31,057
Capital grants and contributions	30,885	14,846	2,938	2,199	33,823	17,045
General revenues:						
Sales taxes	279,567	278,136	-	-	279,567	278,136
Property taxes	78,930	77,074	-	-	78,930	77,074
Other taxes	74,940	61,861	-	-	74,940	61,861
Payments in lieu of taxes	16,869	15,872	-	-	16,869	15,872
Investment earnings	20,667	7,629	1,674	951	22,341	8,580
Other	12,519	11,765	420	56	12,939	11,821
Total revenues	**597,841**	**539,633**	**67,232**	**63,204**	**665,073**	**602,837**
Expenses						
General government	46,059	42,388	-	-	46,059	42,388
Public safety	205,416	218,558	-	-	205,416	218,558
Public works	71,308	67,872	-	-	71,308	67,872
Culture and recreation	25,631	21,347	-	-	25,631	21,347
Social and economic development	79,701	26,014	-	-	79,701	26,014
Interest on long-term debt	25,566	21,284	-	-	25,566	21,284
Public utility	-	-	42,687	40,526	42,687	40,526
Transit authority	-	-	25,826	25,755	25,826	25,755
Golf courses	-	-	8,396	7,250	8,396	7,250
Total expenses	**453,681**	**397,463**	**76,909**	**73,531**	**530,590**	**470,994**
Excess (deficiency) before unusual/infrequent items and transfers	144,160	142,170	(9,677)	(10,327)	134,483	131,843
Transfers	(18,996)	(4,639)	18,996	4,639	-	-
Unusual or infrequent item—flood damage:						
Grant revenue	2,500	-	-	-	2,500	-
Cleanup	(10,000)	-	-	-	(10,000)	-
Change in net position	**117,664**	**137,531**	**9,319**	**(5,688)**	**126,983**	**131,843**
Net position—beginning of period	1,616,147	1,478,616	539,077	544,765	2,155,224	2,023,381
Net position—end of period	**$ 1,733,811**	**$ 1,616,147**	**$ 548,396**	**$ 539,077**	**$ 2,282,207**	**$ 2,155,224**

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Table A-1 shows that as of June 30, 20X5, the City's total net position—assets and deferred outflows minus liabilities and deferred inflows—was nearly $2.3 billion, an increase of $127.0 million or 5.9 percent compared with 20X4. This increase is primarily due to a $109.6 million or 42.8 percent increase in unrestricted net position. Most of the increase in net position was the result of the financial performance of the governmental activities. The following sections of MD&A analyze the finances of the governmental activities and business-type activities separately.

Governmental activities

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the City's governmental activities was over $1.7 billion, an increase of $117.7 million or 7.3 percent from 20X4. Various events contributed to this increase in net position; however, the six primary factors affecting the change in net position are as follows:

(1) Increases in intergovernmental grant revenues, particularly related to capital assets
(2) Growth in various revenues due to the strength of the national and local economies and a major court decision
(3) A law that requires a portion of sales taxes to build up a financial emergency fund
(4) Increases in expenses for certain programs and functions
(5) Transfers to the business-type activities
(6) Damage related to the March 20X5 flood.

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Financial Reporting Model Improvements

Growth in intergovernmental grant revenues

There were notable increases in 20X5 in both operating and capital grants and contributions. Capital grants and contributions, which account for 5.2 percent of overall revenues for governmental activities, more than doubled to $30.9 million from 20X4 to 20X5. Most of that amount was a one-time $22.0 million capital contribution from the federal government in the form of the land and facilities of former Army Base 559, which is located in Sample City and ceased operations in 20X0. The City is in the process of converting the base to a central public works and transportation garage and headquarters.

Operating grants and contributions, which account for 6.4 percent of overall revenues for governmental activities, increased 22.9 percent to $38.2 million in 20X5. All of that growth came from an increase in public safety grants from both the State and federal governments, which totaled $31.4 million or over 82 percent of the operating grant revenue. Most of the additional grant revenue was received as part of a federal program to improve local emergency services readiness to respond to a variety of emergency scenarios, including natural disasters, terrorist attacks, and medical crises.

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Financial Reporting Model Improvements

Management's Discussion and Analysis

3. Detailed Analyses (*government-wide and major funds*)
   - Provide analysis of financial position and results of operations of **governmental and business-type activities**
     - If necessary, refer to other sections rather than duplicate (capital assets/long-term financing)
   - Provide revenue and expenditure analysis of **major funds**.
   - Provide significant changes in **fund balances** or **net position**.
   - Provide explanation for significant increases or decreases - **WHY**
   - Provide explanation of new **policy changes** and **economic factors** that significantly impacted operations (tax rates, hiring freezes, tax base changes, etc.)
   - Understand that users may not be from government's geographical area – include **facts, decisions or conditions**

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	General Fund		Debt Service Fund		Infrastructure Capital Projects Fund	
	20X5	20X4	20X5	20X4	20X5	20X4
Total Revenues	**$ 213,376**	**$ 193,431**	**$ 78,976**	**$ 77,013**	**$ 141,327**	**$ 128,968**
Total Expenditures	**196,136**	**194,744**	**76,435**	**74,871**	**177,395**	**130,437**
Excess (deficiency) of revenues over expenditures	**17,240**	**(1,313)**	**2,541**	**2,142**	**(36,068)**	**(1,469)**
Other Financing Sources (Uses)						
Other debt activity (net)	-	-	19	-	125,930	-
Proceeds from the sale of capital assets	275	646	-	-	-	-
Transfers in	2,630	365	-	-	192	-
Transfers out	(662)	-	-	-	(18,294)	(2,580)
Total other financing sources (uses)	**2,243**	**1,011**	**19**	**-**	**107,828**	**(2,580)**
Unusual or Infrequent Item—Flood Damage						
Grant revenue	2,500	-	-	-	-	-
Cleanup	(10,000)	-	-	-	-	-
Total unusual or infrequent item	**(7,500)**	**-**	**-**	**-**	**-**	**-**
Net change in fund balances	11,983	(302)	2,560	2,142	71,760	(4,049)
Fund balances—beginning of period	55,009	55,311	65,729	63,587	548,550	552,599
Fund balances—end of period	**$ 66,992**	**$ 55,009**	**$ 68,289**	**$ 65,729**	**$ 620,310**	**$ 548,550**

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General fund

The fund balance of the City's general fund increased by 21.8 percent. Excluding the effects of the flood damage, the general fund's fund balance would have been $7.5 million greater. This increase in fund balance is attributable to (1) the 0.09 percent sales tax that has been set aside in a reserve as required by the ordinance passed in 20X3, (2) growth in revenues (previously discussed), and (3) a delay in planned increases in public safety expenditures as a result of the delay in the opening of new police station #453, offset by net flood damage expenditures.

Debt service fund

The City's inflows from property taxes may be used only to repay outstanding general obligation bonds. The small increase in inflows from property taxes mentioned earlier was more than sufficient to cover debt service fund expenditures for principal and interest. Overall, fund balance in the debt service fund increased 3.9 percent.

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Financial Reporting Model Improvements

Management's Discussion and Analysis

4. Significant Capital Assets and Long-Term Financing Activity (*bonds/notes, leases, SBITAs, debt limits, credit ratings*)
   - Provide description of capital asset activity during the fiscal year, including intangible assets.
     - Discuss additions, disposals, changes in commitments and policy changes.
   - Provide a description of significant long-term financing activity including debt, leases, SBITAs and PPPs.
     - Discuss new debt agreements, debt retirements, repayments, changes in credit ratings, changes in debts limitations, policy changes and economic factors.

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Financial Reporting Model Improvements

Management's Discussion and Analysis

5. Currently Known Facts, Decisions or Conditions (known information *expected to impact future operations, budgets, net position/fund balance as of date of issuance – forward looking*)
   - Trends in relevant economic and demographic data (population changes, student enrollment, income levels, unemployment rates, etc.)
   - Relevant factors to develop subsequent year's budget indicating how results are expected to change
     - Affecting available revenues (state/federal appropriations, tax rate change)
     - Affecting spending (inflation, labor contracts, new laws, change to programs)
   - Expected changes in budgetary fund balance
   - Actions taken related to pension/OPEB, capital asset improvement plans, leases, PPPs, SBITAs, other long-term financing affecting subsequent period
   - Actions other parties have taken that affect the government in subsequent period (new legislation or regulations imposed)

GASB No. 103
Financial Reporting Model Improvements

Feature	Pre-GASB 103 (GASB 34)	GASB 103 Requirements
Structure	8 required sections	5 required sections
Analytical Depth	Focused on what changed (amounts/percentages)	Focuses on why balances and results changed
Budget Analysis	Included analysis of significant budgetary variations	Removed from MD&A; moved to Notes to RSI
Target Audience	Generally assumed a sophisticated user	Targeted users without detailed governmental accounting knowledge
Redundancy	Often repeats information found in notes	Explicitly prohibits duplication and encourages referencing other sections
Tone	Often repetitive and descriptive	Analytical and concise
Financial Highlights	Broad summary of the year	Focused on the reasons for the changes
Charts/Graphs	Optional but not common	Encouraged to replace dense text for readability
Length	Frequently bloated with "template" text	Streamlined, only material information

Polling Question 2

Which statement best describes GASB 103's approach to MD&A?

A. Expand MD&A to eight sections
B. Explain why balances and results changed
C. Repeat information from the notes
D. Retain budget analysis in MD&A

GASB No. 103
Financial Reporting Model Improvements

Management's Discussion and Analysis

- <u>Preparation</u>
  - Work on updating MDA before the audit
    - Rebuild MDA around the 5 required sections
    - Draft narratives now, update for final numbers after audit
      - Review minutes of meetings for refresher of significant events/changes
      - Review post year-end meetings to ensure "Currently Known" is covered
    - Remember to ask "why" – like your board members
    - Review for plain language and avoid duplication
  - Keep MDA in mind as you go through year-end close process
  - Auditor assistance – GASB 103 Checklist & Preliminary Reviews
  - *Illustrative Examples – see Resources slide*

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	Checklist Item	Notes/School District Specific Considerations
	General Notes/Considerations for GASB 103 MD&A	
☐	Write the MD&A in clear, plain language.	Avoid technical accounting jargon where possible. Explain district-specific items in simple terms.
☐	Explain ***why*** important changes happened, do not just identify the dollar or percentage change.	For example, explain whether changes were driven by state funding, real estate tax changes, PSERS costs, federal program activity, enrollment shifts, or capital spending.
☐	Provide an objective, fact-based analysis that emphasizes the current year and discusses significant positive and negative changes from the prior year.	Focus on the current year while explaining material favorable and unfavorable changes affecting the district's financial position and results of operations.
☐	Include currently known facts, decisions, or conditions that are expected to significantly affect future financial position or operations, and exclude unsupported speculation.	Currently known information is information management is aware of as of the date the financial statements are issued. Consider including known labor contract impacts, enrollment changes, charter school cost trends, subsidy changes, or major funding decisions if they are significant. Anything that is speculative should not be included
☐	Avoid generic boilerplate and focus on what mattered this year.	Tailor the MD&A to the district's actual financial results and current-year events.
☐	Avoid repeated explanations unless repetition helps readability.	If the same issue affects multiple sections, reference it instead of fully repeating it. For example, if a major capital project had a significant impact on the capital project fund's balances, Section 3 should reference Section 4A rather than repeat the explanation.
☐	Consider using charts, graphs, or tables when they improve readability and understanding.	Visuals may help explain significant revenue, expense, fund balance, net position, enrollment, or debt trends, but should support rather than replace the required narrative.
☐	Do not include budget-to-actual variance analysis in MD&A.	Under GASB 103, that discussion belongs in the notes to RSI rather than in MD&A.
☐	Do not include information unrelated to the required MD&A topics.	Keep the discussion focused on the five required sections (outlined below).
☐	Focus on the primary government and clearly separate any discretely presented component units, if applicable.	If the district has a component unit, clearly distinguish it from district activity.
	Section 1 — Overview of the Financial Statements	

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USING THE ANNUAL FINANCIAL REPORT

[REPLACE PRECEDING HEADING WITH: OVERVIEW OF THE FINANCIAL STATEMENTS] [REORGANIZE: Move this overview before the Financial Summary so the MD&A follows the five-section sequence in GASB 103 paragraph 8.]

This annual report consists of three parts – management's discussion and analysis, the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different perspectives of the District:

Deferred outflow of resources on pension and OPEB liabilities due for governmental activities decreased $2.4 million year over year while deferred inflow of resources related to governmental activities increased $926 thousand.

[CLIENT TO INSERT: Explain the primary reasons for the significant changes in pension and OPEB deferred outflows and deferred inflows, including the magnitude of each significant cause.]

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Budget Highlights

[DELETE: GASB 103 requires an explanation of significant budget variances to be presented in notes to RSI, not in MD&A. Move the significant budget variance discussion in this section to the notes to RSI unless it is recast as currently known facts about the subsequent year's budget that are expected to significantly affect future financial position or results.]

The District's budget is prepared according to Pennsylvania law and is based on the modified accrual basis of accounting. The only fund with a formally adopted budget is the general fund.

[ADD: For each significant change shown in Table 3, explain why the change occurred. The explanation should identify the underlying programs, staffing levels, grants, service demands, debt service costs, or other events that caused the change, rather than only stating the amount or percentage change.]

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Financial Reporting Model Improvements

Unusual or Infrequent Items

- Replace extraordinary and special items
- Now identified as unusual, infrequent, or both
  - Unusual nature – underlying event/transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the government, taking into account the environment in which the government operates
  - Infrequency of occurrence – underlying event/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.

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Unusual or Infrequent Items

- Examples
  - Natural disaster causing significant, unusual losses (*storm damage, flooding*)
  - Losses from a prohibition under newly enacted law or regulation
  - Major disposal of operations/assets outside normal course *(school building closure)*
  - One-time, unexpected state/federal funding adjustments
  - One-time cyberattack causing material losses
- Decisions
  - Maintain documentation: nature, frequency, rational, management control
  - Discuss with auditors on classification and statement impact

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Financial Reporting Model Improvements

Unusual or Infrequent Items

- Display inflows and outflows for each unusual or infrequent item <u>separately as the last item before net change</u> in resource flows (*should not be netted*)
- For all financial statements: government-wide, governmental funds and proprietary funds
- Notes should disclose the program, function or identifiable activity to which each is related and if the event was within the control of management
- PDE Accounts:
  - Inflow (Revenue): 9940
  - Outflow (Expense): 5540
  - Removed Special and Extraordinary Items – 9920, 9930, 5520, 5530

GASB No. 103
Financial Reporting Model Improvements

OTHER FINANCING SOURCES (USES)	
Long-term debt issued	-
Premium on debt issued	-
Payment to bond refunding escrow agent	-
Proceeds from the sale of capital assets	275
Transfers in	2,630
Transfers out	(662)
Total other financing sources (uses)	2,243
UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE	
Grant revenues	2,500
Cleanup	(10,000)
Total unusual or infrequent item	(7,500)
Net change in fund balances	11,983
Fund balances—beginning of period	55,009
Fund balances—end of period	$ 66,992

GASB No. 103
Financial Reporting Model Improvements

Presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position

<u>Operating revenues (detailed)</u>
  Total operating revenues
<u>Operating expenses (detailed)</u>
  Total operating expenses
    Operating income (loss)
<u>Noncapital subsidies (detailed)</u>
  Total noncapital subsidies
    Operating income (loss) and noncapital subsidies
<u>Other nonoperating revenues and expenses (detailed)</u>
  Total other nonoperating revenues and expenses
    Income (loss) before unusual or infrequent items
<u>Unusual or infrequent items (detailed)</u>
  Increase (decrease) in fund net position
<u>Fund net position—beginning of period</u>
<u>Fund net position—end of period</u>

GASB No. 103
Financial Reporting Model Improvements

Presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position

- Distinguish and define operating and nonoperating revenues and expenses
  - Nonoperating Revenues and Expenses
    - *Other Nonoperating Revenues and Expenses*
      - Contributions to permanent and term endowments
      - Revenues and expenses related to financing (interest, issuance costs, amortization, etc.)
      - Gains/losses disposal of capital assets and inventory
      - Investment income and expenses
    - *Subsidies received and provided*
      - Noncapital (*New*) vs Capital *(Other)*
  - Operating Revenues and Expenses
    - Anything not identified as nonoperating

GASB No. 103
Financial Reporting Model Improvements

Presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position

- Subsidies Defined:
  - Resources received with no goods/services provided AND that keeps fees/rates lower
  - Resources provided with no goods/services received AND recoverable through pricing policies
  - All other transfers
- Noncapital Subsidies (*New Section*):
  - General Fund transfers supporting operations
  - State and Federal school lunch/breakfast reimbursements
  - Retirement and Social Security subsidies
  - Contributions or donations that effectively reduce fees/charges below cost
- Capital Subsidies (*Other Nonoperating Revenues/Expenses*)
  - Capital contributions – restricted for capital assets by provider
  - Transfers In – restricted for capital assets
  - Grants – restricted for capital assets by provider

Polling Question 3

Which of the following should be included as part of the "Noncapital Subsidies" section?

A. Interest earnings

B. Federal school lunch/breakfast reimbursements

C. Gain on sale of capital assets

D. Capital contributions

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Financial Reporting Model Improvements

	Enterprise Funds				
	Public Utility	Transit Authority	Golf Courses	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 41,003	$ 18,636	$ 2,561	$ 62,200	$ 42,523
Miscellaneous	283	33	104	420	78
Total operating revenues	41,286	18,669	2,665	62,620	42,601
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	40,777	25,378	7,433	73,588	44,540
Operating income (loss)	509	(6,709)	(4,768)	(10,968)	(1,939)
NONCAPITAL SUBSIDIES					
Intergovernmental revenue	-	-	-	-	881
Transfers in	-	2,090	110	2,200	300
Transfers out	(1,980)	-	-	(1,980)	-
Total noncapital subsidies	(1,980)	2,090	110	220	1,181
Operating income (loss) and noncapital subsidies	(1,471)	(4,619)	(4,658)	(10,748)	(758)
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)	3,556	14,987	1,524	20,067	1,664
Increase (decrease) in fund net position	2,085	10,368	(3,134)	9,319	906
Fund net position—beginning of period	331,657	177,997	29,423	539,077	12,387
Fund net position—end of period	$ 333,742	$ 188,365	$ 26,289	$ 548,396	$ 13,293

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Financial Reporting Model Improvements

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PRE-GASB 103

Amounts Expressed in Whole Dollars	
Operating Revenues	
6600	Food Service Revenue
0071	Charges for Services
0072	Other Operating Revenue
Total Operating Revenues	
Operating Expenses	
100	Personnel Services - Salaries
200	Personnel Services - Employee Benefits
300	Purchased Professional and Technical Services
400	Purchased Property Services
500	Other Purchased Services
600	Supplies
740	Depreciation
770	Amortization Expense
810	Dues and Fees
880	Refunds of Prior Years' Receipts
890	Miscellaneous Expenditures
Total Operating Expenses	
Operating Income (Loss)	

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Amounts Expressed in Whole Dollars		-
		Food Service (51)
Operating Revenues		
6600	Food Service Revenue	0
0071	Charges for Services	0
0072	Other Operating Revenue	**0**
Total Operating Revenues		**0**
Operating Expenses		
100	Personnel Services - Salaries	0
200	Personnel Services - Employee Benefits	0
300	Purchased Professional and Technical Services	0
400	Purchased Property Services	0
500	Other Purchased Services	0
600	Supplies	0
740	Depreciation	0
770	Amortization Expense	0
810	Dues and Fees	0
880	Refunds of Prior Years' Receipts	0
890	Miscellaneous Expenditures	0
Total Operating Expenses		**0**
Operating Income (Loss)		**0**

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Non Operating Revenues (Expenses)		
6500	Earnings on Investments	
6830	Federal Revenue from Intermediary Sources	
6920	Contributions and Donations from Private Sources	
6930	Gains or Losses on Sale of Fixed Assets	
6991	Refunds of a Prior Year Expenditure	
7000	Revenue from State Sources	
8000	Revenue from Federal Sources	
9990	Insurance Recoveries	
820	Claims and Judgments Against the LEA	
830	Interest	
TOTAL Non Operating Revenues (Expenses)		
Income (Loss) Before Contributions And Transfers		
Contributions, Transfers, and Special and Extraordinary Items		
5200	Interfund Transfers - Out	
5300	Transfers Out to Component Units/Primary Governments	
5520	Special Items - Losses	
5530	Extraordinary Items - Losses	
9300	Interfund Transfers - IN	
9500	Capital Contributions	
9700	Transfers IN From Component Units/Primary Governments	
9920	Special Items - Gains	
9930	Extraordinary Items - Gains	
Change In Net Position		
0002	Net Position - Beginning of Fiscal Year	
0003	Accounting Changes / Residual Equity Transfers	
Net Position - End Of Year		

Noncapital Subsidies		
6830	Federal Revenue from Intermediary Sources	0
6920	Contributions and Donations from Private Sources	0
7000	Revenue from State Sources	0
8000	Revenue from Federal Sources	0
9300	Interfund Transfers - IN	0
9700	Transfers IN From Component Units/Primary Governments	0
5200	Interfund Transfers - Out	0
5300	Transfers OUT to Component Units/Primary Governments	0
Total Noncapital Subsidies		0
Operating income (loss) and noncaptial subsidies		**0**
Other Nonoperating Revenues (Expenses)		
6500	Earnings on Investments	0
6930	Gains or Losses on Sale of Fixed Assets	0
6991	Refunds of a Prior Year Expenditure	0
0073	Federal Revenue from Intermediary Sources (6830)	
0074	Contributions and Donations from Private Sources (6920)	0
0075	Revenue from State Sources (7000)	0
0076	Revenue from Federal Sources (8000)	0
9500	Capital Contributions	0
9990	Insurance Recoveries	0
820	Claims and Judgments Against the LEA	0
830	Interest	0
TOTAL Other Nonoperating Revenues (Expenses)		**0**
Total income (loss) before unusual or infrequent items		**0**
Unusual or Infrequent Items		
5540	Unusual or Infrequent Items - Outflows	0
9940	Unusual or Infrequent Items - Inflows	0
Change In Net Position		
0002	Net Position - Beginning of Fiscal Year	0
0003	Accounting Changes / Residual Equity Transfers	0
Net Position - End Of Year		0

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Major Component Unit Information

- Each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements.
- If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements (part of basic financial statements).

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Budgetary Comparison Information

- Must be presented as Required Supplementary Information (can not be part of basic financial statements)
- Required:
  - Variance between final budget and actual amounts
  - Variance between original and final budget amounts
  - Notes explaining significant variances in RSI
- General Fund and Major Special Revenue Funds that have a legally adopted budget (same requirement as before)

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	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget—over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget—over (under) Actual Amounts
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

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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.	$	(2,526)	$	-
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.

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Account	Actual	Budget	Actual vs Budget Variance	Variance as % of Budget	Explain Variances Over 1.5% of Total Expenditures OR Variances Over 10% and $100,000
Function 1100 Total	39,894,051.18	38,992,800.00	901,251.18	2%	
Function 1200 Total	16,496,091.59	14,488,941.00	2,007,150.59	14%	
Function 1300 Total	3,149,349.77	3,275,253.00	(125,903.23)	-4%	
Function 1400 Total	888,319.74	926,826.00	(38,506.26)	-4%	
Function 1500 Total	3,827.89	-	3,827.89	#DIV/0!	
Function 2100 Total	3,727,850.27	3,235,663.00	492,187.27	15%	
Function 2200 Total	3,165,148.54	2,555,638.00	609,510.54	24%	
Function 2300 Total	4,860,284.35	4,783,698.00	76,586.35	2%	
Function 2400 Total	1,183,719.32	944,852.00	238,867.32	25%	
Function 2500 Total	874,848.64	867,305.00	7,543.64	1%	
Function 2600 Total	7,533,158.73	7,441,735.00	91,423.73	1%	
Function 2700 Total	6,037,292.83	4,746,132.00	1,291,160.83	27%	
Function 2800 Total	3,434,747.87	2,674,951.00	759,796.87	28%	
Function 2900 Total	7,049.35	7,050.00	(0.65)	0%	
Function 3200 Total	1,390,859.96	1,434,147.00	(43,287.04)	-3%	
Function 3300 Total	21,691.08	46,659.00	(24,967.92)	-54%	
Function 5100 Total	5,596,054.82	5,586,637.00	9,417.82	0%	
Function 5200 Total	2,087,797.91	1,121,737.00	966,060.91	86%	
Function 5900 Total	-	175,000.00	(175,000.00)	-100%	

Polling Question 4

Do you feel you have the tools needed for GASB 103 Implementation?

A. Yes

B. No

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Resources

- GASB No. 103 Appendix C: Illustrations
  - https://storage.gasb.org/GASBS%20103.pdf
- GFOA Appendix D: Illustrative Annual Comprehensive Financial Report
  - www.gfoa.org/GAAFR/AppendixD
- Boyer & Ritter
  - GASB 103 MD&A Checklist
  - Prior Year MD&A with GASB 103 Suggestions
  - Budget to Actual Analysis Spreadsheet

Questions?

Thank You!

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