

GAAP Reporting and GASB Update FY2024



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General Information

- Accessing WEDGE:
 - wedge.illinoiscomptroller.gov/
- Accessing the SCO-563 database:
 - 563.illinoiscomptroller.gov/
- Agencies will have access to post/update their GAAP information into WEDGE and, when finished, transmit the package to the IOC.
- Once submitted, agencies will only have access to view and/or print packages.
 - All changes subsequent to transmission will need to be made by IOC staff.
- Required manual forms not included on WEDGE must be completed and sent to the IOC by the appropriate due dates.



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General Information

- The following entries, if applicable, will be posted to GAAP packages by IOC staff, and notification will be forwarded to the GAAP coordinator of the agency:
 - Interest accrual entries for Treasury-held Non-Shared funds
 - Securities lending entries for Treasury-held Non-Shared funds
 - Lease/SBITA entries for governmental funds
- The “accrual only” activity of the non-administering agency, if applicable, will be forwarded to the GAAP coordinator of an agency to be input by the administering agency of a Non-Shared fund



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General Information

- **SAMS Manual Procedures**
 - All required WEDGE and Manual forms have detailed instructions for completion in Procedure 27.20.XX
 - Samples of required journal entries for the forms are also included in the SAMS manual
- **Training manuals and videos related to GAAP Package preparation and other information are available on the IOC website:**
 - Interfund Transfers – SCO-567/568
 - SCO-563 – Grants and Contracts analysis
 - Shared and NonShared GAAP Packages
 - Other GAAP Package types



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General Information – Due Dates

- **Lease/SBITA Information Confirmed by 7/12**
- **Compensated Absences Information (SCO-580) by 7/26**
 - “In House” agencies will be required to submit necessary information by 7/19
- **Capital Asset Information (SCO-538) by 8/9**
 - “In House” agencies will be required to submit necessary information by 7/12
- **Interfund Transfers Entered by Grantee Agency (SCO-567) by 8/2**
- **Interfund Transfers Approved by Grantor Agency (SCO-568) by 8/9**



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General Information – Due Dates

- **GAAP Packages -**
 - **WEDGE system will be available approximately 7/16. Manual forms that display prior year balances will be mailed no later than 7/16**
 - **Locally Held Packages due 8/9**
 - **All “Other” Packages due 8/16**
 - **GRF, Funds with SEFA reporting requirements, and Proprietary Packages due 8/23**
 - **Significant Packages at material agencies due 9/4**
 - **Private Purpose Trust Funds, Investment Trust Funds, and Pension Trust Funds – Nonretirement System Packages due 9/6**
 - **Component Unit Packages due 9/13**
 - **University Packages due 9/20**
 - **Pension Trust Funds – Retirement System Packages due 9/27**



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General Information – Due Dates

- **GAAP Basis Financial Statements – (will change after FY 2024)**
 - **Applicable for certain agencies (Exhibit 27.10.10-B in the SAMS Manual)**
 - **Complete set of GAAP basis financial statements (including footnotes) due 10/15**
 - **Completed audit of financial statements is necessary for the Office of the Auditor General to obtain adequate audit coverage for their review of the ACFR**



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Summary of GASB Updates

- **Effective Dates – GASBs Implemented in FY 2023 – (a recap)**
 - **June 30, 2023**
 - GASB Statement No. 91, *Conduit Debt Obligations*
 - Not expected to be applicable to most state agencies
 - Applicable to component units that issue debt on behalf of other entities
 - GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
 - Minimal impact to most state agencies
 - GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
 - Applicable to most state agencies (those that enter into software agreements)
 - GASB Statement No. 99, *Omnibus 2022*
 - Second phase – clarifies provisions within GASB 87, GASB 94, and GASB 96 – minimal impact to most state agencies



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Summary of GASB Updates

- **Effective Dates – Recently Issued GASB Standards**
 - **June 30, 2024**
 - GASB Statement No. 99, *Omnibus 2022*
 - Remaining portions related to financial guarantees and derivative instruments
 - Not expected to be applicable to most state agencies
 - GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
 - Applicable to agencies that prepare financial statements and footnotes



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Summary of GASB Updates

- **Effective Dates – Recently Issued GASB Standards**
 - **June 30, 2025**
 - GASB Statement No. 101, *Compensated Absences*
 - Applicable to all state agencies
 - Will require analysis of and revisions to the manner in which compensated absences are calculated
 - GASB Statement No. 102, *Certain Risk Disclosures*
 - Minimal impact on most state agencies
 - **June 30, 2026**
 - GASB Statement No. 103, *(Title Pending)*
 - Potential late May release of GASB Statement No. 103
 - Most likely only applicable to those agencies that prepare financial statements and footnotes



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Summary of GASB Updates

- **GASB Statement No. 99 – *Omnibus 2022***
 - Statement was effective at various dates
 - The final piece is effective for fiscal year end June 30, 2024
 - Provides updates to the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB 53 that do not meet the definition of either an investment derivative or hedging derivative
 - This portion of the statement is not applicable to most agencies
 - IOC does not believe there will be a material impact to adopting this portion of the statement



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Summary of GASB Updates

- GASB Statement No. 100 – Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62**
 - Effective for fiscal year end June 30, 2024
 - Applicable for agencies preparing departmental financial statements if an accounting change or error is noted
- Summary Information**
 - Improves accounting and financial reporting for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability
 - Defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity
 - Statement specifically provides examples of each situation
 - Defines instances that can result in the need for reporting an error correction
 - Provides for the accounting and financial reporting for each type of accounting change or error correction
 - Provides information on the required disclosure in the notes to the financial statements, required supplementary information, and supplementary information
 - Restatements will need to be shown on the face of the financial statements rather than just within a footnote as has historically been done in the ACFR



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Summary of GASB Updates

- GASB Statement No. 100 – Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62**
 - What to expect: Accounting Changes

	Definition/Examples	Accounting and Financial Reporting		
		Financial Statements	Note Disclosures	RS/IS
Accounting Changes	Change in accounting principle - Change from one generally accepted accounting principle to another generally accepted method - implementation of new accounting pronouncements	Reported retroactively by restating prior periods presented	Description of change, affected line items (including effect on beginning balances), and reason for change	Periods earlier than those presented in basic financial statements should not be restated
	Change in accounting estimate - Change in methodology used to make an accounting estimate - Change made to the inputs for estimation as a result of new information, experience, or a change in circumstances - Can result from the implementation of a new accounting pronouncement	Reported prospectively	Description of change, affected line items, and reason for change	Not applicable
	Reporting Entity Changes to or within the financial reporting entity resulting from: <ul style="list-style-type: none"> The addition or removal of a fund that results from the movement of continuing operations within the primary government, including its blended component units A change in a fund's presentation as major or nonmajor The addition/removal of a component unit (except for acquisitions, mergers, and transfers of operations, and GASB Statement 80 component units) A change in component unit's presentation as blended or discretely presented If a transaction could be considered a change in accounting principle or a change in a financial reporting entity, it should be considered a change in financial reporting entity	Reported by adjusting current period beginning balances	Description of change, affected line items (including effect on beginning balances), and reason for change	Adjust comparable to the financial statements. Do not adjust prior periods



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Summary of GASB Updates

- **GASB Statement No. 100 – Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62**
 - What to expect: Error Corrections

	Definition/Examples	Accounting and Financial Reporting		
		Financial Statements	Note Disclosures	RSIS/
Error Correction	<p>An error results from:</p> <ul style="list-style-type: none"> - Mathematical mistakes - Mistakes in the application of accounting principles - Oversight or misuse of facts that existed at the time the financial statements were issued about conditions that existed as of the financial statement date - Facts that existed at the time the financial statements were issued are those facts that could reasonably be expected to have been obtained and taken into account at that time about conditions that existed as of the financial statement date <p>Change from applying an accounting principle that does not fail under generally accepted accounting guidelines to transactions or other events that previously were significant to applying a generally accepted accounting principle to those transactions</p>	Reported retroactively by restating prior periods presented	Description of error, required correction, and affected line items and periods (including effect on beginning balances)	Periods earlier than those presented in basic financial statements should be restated for error corrections, if practicable



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Summary of GASB Updates

- **GASB Statement No. 101 – Compensated Absences**
 - Effective for fiscal year end June 30, 2025
 - Will be applicable for **all** agencies and will require a significant amount of work as agencies will need to re-analyze the liability calculations for compensated absences and associated salary-related payments
- **Summary Information**
 - Updates the recognition and measurement guidance for compensated absences
 - Defines compensated absence as leave for which employees receive one or more:
 - Cash payments when leave is used for time off
 - Other cash payments – payment for unused leave upon termination
 - Noncash settlements such as conversion to defined benefit postemployment benefits
 - Recognize a liability when leave has not been used or leave has been used but not yet paid (details on the next slide)
 - Provides information on how to calculate the liability (pay rates or using the value of the cash payment or noncash settlement amount)
 - Revises guidance to allow for either a net increase or net decrease to be reported or the separate increases or decreases in liabilities to be reported



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Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences***
 - Recognize a liability for the following:
 - Leave that has not been used
 - Leave attributed to services already rendered or the employee has performed the services required to earn the leave but has not yet used the time
 - Leave accumulates – when the leave is carried forward from the period in which it is earned to a future period
 - Leave more likely than not to be used for time off or otherwise paid in cash or settled



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Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences***
 - Recognize a liability for the following (continued):
 - Leave that has not been used (continued)
 - Examples (not a complete listing)
 - Sick leave (if it does not carry over, record a liability only for the leave expected to be used or if it carries over indefinitely, only the leave expected to be used before termination)
 - Vacation leave – if earned (services rendered)
 - Personal time
 - Compensatory time
 - Parental leave – liability recorded when leave begins
 - Leave that has been used but not yet paid in cash or settled through noncash means
 - Salary-related payments (e.g. Medicare or Social Security payments)



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Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences***
 - Exceptions to General Recognition
 - Leave is 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 portion of employees in a particular reporting period
 - Recognize liability when leave commences
 - Examples - parental leave, military leave, jury duty



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Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences***
 - What to expect:
 - Historically, the liability for sick leave for State of Illinois employees only related to sick leave that is eligible to be paid out (earned after January 1, 1984 and before January 1, 1998). Agencies will now need to estimate a liability for sick leave earned and expected to be used by individual employees before termination/retirement.
 - Specifically, agencies should look at preparing a historical analysis of sick time used as compared to sick time earned. A liability should be recorded for an estimate of this time.
 - Sick time that is earned but not used ultimately converts to credited service upon retirement, and the associated liability is part of the defined benefit postemployment benefit liability calculation, thus, it should not be part of the sick leave accrual.



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Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences***

Example:

Employee ID	Accrual Code Name	Hours Accrued as of 6/30/XX	Information from HR			Days as of 6/30/XX	Liability for time accrued	Accrued as part of Net Pension Liability	Accrued as Sick Time
			Annual Salary	Semi-Monthly Salary	Hourly Salary				
100XA	Illness	122.00	\$ 56,000.00	\$ 2,333.33	\$ 28.61	16.27	\$ 3,490.17	\$ 3,490.17	\$ -
100XB	Illness	137.00	\$ 35,000.00	\$ 1,458.33	\$ 17.88	18.27	\$ 2,449.55	\$ 2,449.55	\$ -
100XC	Illness	303.00	\$ 100,000.00	\$ 4,166.67	\$ 51.09	40.40	\$ 15,478.93	\$ 15,478.93	\$ -
100XD	Illness	214.00	\$ 40,000.00	\$ 1,666.67	\$ 20.43	28.53	\$ 4,372.92	\$ 4,372.92	\$ -
100XE	Illness	563.00	\$ 120,000.00	\$ 5,000.00	\$ 61.30	75.07	\$ 34,513.41	\$ 23,448.28	\$ 11,065.13
100XF	Illness	334.00	\$ 70,000.00	\$ 2,916.67	\$ 35.76	44.53	\$ 11,943.81	\$ 11,943.81	\$ -
100XG	Illness	55.00	\$ 55,000.00	\$ 2,291.67	\$ 28.10	7.33	\$ 1,545.34	\$ 1,545.34	\$ -
100XH	Illness	750.00	\$ 85,000.00	\$ 3,541.67	\$ 43.42	100.00	\$ 32,567.05	\$ 16,609.20	\$ 15,957.85
100XI	Illness	222.00	\$ 40,000.00	\$ 1,666.67	\$ 20.43	29.60	\$ 4,536.40	\$ 4,536.40	\$ -
100XJ	Illness	270.00	\$ 100,000.00	\$ 4,166.67	\$ 51.09	36.00	\$ 13,793.10	\$ 13,793.10	\$ -
Total							\$ 124,690.68	\$ 97,667.69	\$ 27,022.99

* Figured obtained through analysis of the State Employment Retirement System (SERS) Experience Study as of July 1, 2018 - July 30, 2021. The average unused sick leave (in years) for a new retiree is 0.2034 years which equates to 2.44 months (IOC rounded to 2.5 months). Per the SERS website - Sick Leave & Vacation Service Credit Conversion Chart, 2.5 months of credit equals 49-53 days. For the above calculation, IOC used a midpoint of 51 days as the average conversion to service credit at retirement. IOC will reanalyze at year end.

As this is an estimate of the average sick time to accrue, IOC will exclude any time accrued that is less than 51 days. Per the SERS experience study, 51 is the average number of days that are more likely than not to be settled through conversion to defined benefit postemployment benefits per the SERS experience study.



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Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences***

- Reporting considerations:

- Changes in the compensated absence liability as reported on the SCO-580 form can now be reported as a net addition or deletion versus separate additions and deletions.
- The IOC will revise the SCO-580 form in WEDGE to allow for additions to Sick and Salary related costs-sick, as well as recording of accruals for additional types of absences, such as compensatory time, personal time, and other leave.



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Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences***

- *SCO-580 Example of Changes*

	Nearest Thousand				Current Portion due within one year
	Balance at June 30, Prior Year	Additions	Deductions	Balance at June 30, Current Year	
Vacation and other	73,202	79,564	76,296	76,470	8,515
Salary related costs-vacation and other	5,124	5,569	5,340	5,353	596
Subtotal	78,326	85,133	81,636	81,823	9,111
Sick (Enacted 11/1/1984 - 12/31/1997)	1,119	-	584	535	138
Salary related costs-sick (Enacted 11/1/1984 - 12/31/1997)	78	-	41	37	10
Subtotal	1,197	-	625	572	148
Grand Total	79,523	85,133	82,261	82,395	9,259

	Nearest Whole Units	
	Balance at June 30, Prior Year	Balance at June 30, Current Year
Total number of employees	11,656	11,523
Total vacation hours accrued	1,163,350	1,163,512
Total sick hours accrued	47,963	21,050
Average vacation costs per hour accrued	67.33	70.32
Average sick costs per hour accrued	24.96	27.17

Personal	Salary related costs-personal	Subtotal
Compensatory time	Salary related costs-compensatory time	Subtotal
Other leave	Salary related costs-other leave	Subtotal
	Enter description of other	Subtotal



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Summary of GASB Updates

- **GASB Statement No. 102 – *Certain Risk Disclosures***

- Effective for fiscal year end June 30, 2025
- Not applicable for most state agencies
- Summary Information
 - Requires disclosure of essential information about risks related to a government’s vulnerability due to certain concentrations or constraints
 - Concentrations or constraints limit a government’s ability to acquire resources or control spending
 - Concentration – Lack of diversity in an aspect of a significant inflow or outflow of resources
 - Constraint – Limitation imposed by an external party or the government’s highest level of decision authority



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Summary of GASB Updates

- **GASB Statement No. 102 – *Certain Risk Disclosures***
 - Disclosure Requirements:
 - Disclosure required when known prior to issuance of financial statements, concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact, or when an event or events associated with the concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued
 - Disclosures:
 - Provide a description of the concentration or constraint
 - If they have occurred, description of each event associated with the concentration or constraint that could cause a substantial impact
 - Description of actions taken by the government to mitigate the risk



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Questions/Comments?



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