

# GAAP Reporting and GASB Update

FY2026



**SUSANA A. MENDOZA**  
ILLINOIS STATE COMPTROLLER

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## General Information

All State agencies are required to submit annual GAAP reporting packages for any fund or funds in which they expend from/deposit receipts. *Excludes agencies whose GAAP packages are completed by IOC staff ("in-house agencies")*

- **Shared Fund (Package Type "S")**
  - A fund in which multiple agencies prepare a GAAP package for the same fund
- **Non-Shared Fund (Package Type "NS")**
  - A fund in which one individual agency prepares the GAAP package
    - The administering agency will prepare the GAAP package, and include the activity of all other agencies within the GAAP package
    - The non-administering agencies (accrual-only agencies), will submit accrual information on manual forms, which will be forwarded to the administering agency for inclusion within the GAAP package

## General Information

- **Locally Held Fund (Package Type "L")**
  - A fund in which the cash of the fund is not maintained by the Treasurer's Office
- **Custodial Fund (Package Type "NSA" and LA")**
  - A fund in which an agency holds assets for other governments, organizations, or individuals
  - Fund may be treasury held ("NSA") or locally held ("LA")
- **Proprietary Fund (Package Type "P" and "PL")**
  - A fund in which the generally accepted accounting principles are those applicable to a similar business in the private sector
  - Fund may be treasury held ("P") or locally held ("PL")

## General Information

Most GAAP packages are prepared using 1-2 database systems.

- **WEDGE (financial information/footnote disclosures)**
  - [wedge.illinoiscomptroller.gov/](http://wedge.illinoiscomptroller.gov/)
  - Questions regarding user access should be directed to [wedge@illinoiscomptroller.gov](mailto:wedge@illinoiscomptroller.gov)
- **SCO-563 database (grant reporting)**
  - [563.illinoiscomptroller.gov/](http://563.illinoiscomptroller.gov/)
- **Agencies will have access to post/update their GAAP information into WEDGE and, when finished, transmit the package to the IOC**
- **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

## General Information

- **Funds that receive federal grants will use the SCO-563 database to report details on a grant level basis**
  - The calculated totals of federal receivables/federal payables/unearned revenue should be recorded in the GAAP package
- **Once the WEDGE GAAP package and SCO-563 are completed and 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**
  - Manual forms should be emailed to [FinancialReporting@illinoiscomptroller.gov](mailto:FinancialReporting@illinoiscomptroller.gov)

## General Information

Manual GAAP packages – Excel templates of required forms will be emailed to the agencies for completion

- Pension Trust Funds
- Investment Trust Funds
- Private-Purpose Trust Funds
- Universities
- Component Units



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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
- **FY26 – reporting change – Inventory Analysis (SCO-577)**
  - Governmental fund threshold for reporting increased to \$2 million (previously \$150 thousand)

- **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 Non-Shared GAAP Packages
- Other GAAP Package types



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## General Information – Due Dates

- Lease/SBITA Information Confirmed by 7/10
- Compensated Absences Information (SCO-580) by 7/31
  - “In House agencies” will be required to submit necessary information by 7/24
- Capital Asset Information (SCO-538) by 8/14
  - “In House agencies” will be required to submit necessary information by 7/10
- Interfund Transfers Entered by Grantee Agency (SCO-567) by 8/7
- Interfund Transfers Approved by Grantor Agency (SCO-568) by 8/14



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## General Information – Due Dates

- GAAP Packages -
  - WEDGE system will be available approximately 7/15. Manual forms that display prior year balances will be emailed no later than 7/15
  - Locally Held Packages due 8/14
  - All “Other” Packages due 8/21
  - GRF, Funds with SEFA (SCO-563) reporting requirements, and Proprietary Packages due 8/28
  - Significant Packages at material agencies due 9/4
  - Private Purpose Trust Funds, Investment Trust Funds, and Pension Trust Funds – Nonretirement System Packages due 9/11
  - Component Unit Packages due 9/11
  - University Packages due 9/18
  - Pension Trust Funds – Retirement System Packages due 9/25



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## General Information – Due Dates

- **GAAP Basis Financial Statements**
  - Refer to Exhibit 27.10.10-B in the SAMS Manual
    - Completed audit of financial statements is required under statutory or regulatory guidelines
    - Only applicable for certain agencies as identified (*if you are unsure, please contact IOC*)
  - **Pension Trust, Component Unit, and University Financial Statements** – A complete set of GAAP basis financial statements (including footnotes) due with submission of the GAAP Package
  - **Proprietary, Investment Trust Funds, and OPEB funds (TRIP and CIP)** – A complete set of GAAP basis financial statements (including footnotes) due 10/15



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## Summary of GASB Updates

- **Effective Dates – Recently Issued GASB Standards (a recap)**
  - **June 30, 2025**
    - GASB Statement No. 101, *Compensated Absences*
      - Applicable to all state agencies
      - Required analysis of and revisions to the manner in which compensated absences are calculated - specifically the inclusion of liabilities for leave settled through non-cash means
    - GASB Statement No. 102, *Certain Risk Disclosures*
      - Minimal impact on most state agencies
      - IOC will continue to reach out to certain agencies to ensure disclosure requirements are met



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# Summary of GASB Updates

- **Effective Dates – Recently Issued GASB Standards**
  - **June 30, 2026**
    - GASB Statement No. 103, *Financial Reporting Model Improvements*
      - Establishes new or modifies existing accounting and reporting requirements surrounding various aspects of financial reporting
      - Not expected to impact most state agencies as it relates to financial statement and footnote presentation
    - GASB Statement No. 104, *Disclosure of Certain Capital Assets*
      - Additional recognition and disclosure requirements related to lease assets, intangible right-to-use assets, subscription assets, and capital assets held for sale
      - Not expected to impact most state agencies as it relates to financial statement and footnote presentation

# Summary of GASB Updates

- **Effective Dates – Recently Issued GASB Standards**
  - **June 30, 2027**
    - GASB Statement No. 105, *Subsequent Events*
      - Improves consistency in reporting of subsequent events
      - Not expected to have a significant impact as it relates to financial statement and footnote presentation as the State's reporting is in line with the updated requirements

## Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences* – A RECAP!**
  - Was effective for fiscal year end June 30, 2025
  - Was applicable for **all** agencies requiring analysis of the agency's liability calculations for compensated absences and associated salary-related payments
- **Summary Information**
  - Updated the recognition and measurement guidance for compensated absences
  - Defined 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
  - A liability is recognized when leave has not been used or leave has been used but not yet paid
  - Provided information on how to calculate the liability (pay rates or using the value of the cash payment or noncash settlement amount)

## Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences* – A RECAP!**
  - Agencies should begin working with their HR and IT Departments and/or DoIT to review prior year procedures and prepare for year end
  - Information for agencies using the CTAS report prepared by DoIT for their calculations
    - Contact: Dennis Hearn with DoIT
    - Email [DoIT.EBAS.CTAS.Support.Team@illinois.gov](mailto:DoIT.EBAS.CTAS.Support.Team@illinois.gov) to submit a ServiceNow ticket to request the CTAS report after the close of June timekeeping
    - June timekeeping must be closed AND Central Payroll System (CPS) history written for the agency's payroll schedule for DoIT to generate the CTAS reports
      - Lesson learned from prior year - use the CPS history file for the 6/30 payroll for correct salary figures
      - Final payroll is June Schedule B – 7/16/2026 (*all ticket requests to be made after this date*)
    - CTAS report files include one PDF summarizing the details and three CVS files (Employee, Time, and Attendance) provided in an attachment to the email request ticket

## Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences* – A RECAP!**
  - Agencies to annually analyze all leave types and recognize a liability for leave that accrues but has not yet been used or sporadic leave
    - Examples of Leave and Timing of Recognition – *NOTE this is not a complete list!!*
      - Vacation and Sick - Paid
      - Personal/Compensatory Time/Floating Holidays – Typically this time is not paid out upon termination or retirement; however, an accrual is required if it is more likely than not (greater than 50%) the time will be used for time off
      - PTO (paid leave for all) – Accrual for leave earned by contractual employees
      - Shared employee leave pool – Sick Pool for which the accrual should be based on a pay rate representative of eligible employee population
      - Sick - Unpaid – Sick leave earned and expected to be used by individual employees before termination/retirement (unpaid leave)
      - Sporadic leaves (Military, parental, jury duty, etc.) – Liability recognized when the leave commences
  - Agencies to continue to use the IOC template for the calculation of Sick Leave for those employees participating in SERS

## Summary of GASB Updates

- **GASB Statement No. 101 – *Compensated Absences* – A RECAP!**
  - Current portion due within one year calculation
    - Compensated absences become due upon the occurrence of events such as resignations, retirements, and uses of leave balances by covered employees. Amounts can be estimated based on historical trends or budgeted amounts, and may be affected by specific policies such as requirements that time be used on a first-in, first-out basis
    - Examples (not a complete listing and agencies need to look at individual policies)
      - Vacation – Represents portion of vacation estimated to be paid in cash within the next fiscal year due to employee separation from State Employment plus time expected to be used in the upcoming year (time usage can be based on a historical analysis of time used)
      - Sick – Paid – Assume all non-current unless there is a known retirement within the upcoming year
      - Sick – Unpaid – Will need to look at a historical analysis of time used
      - Personal/Floating Holidays – Assume all current
      - Compensatory – Agencies to review individual policies
      - Sporadic leave – Assume all current

## Summary of GASB Updates

- **GASB Statement No. 103 – *Financial Reporting Model Improvements***
  - Effective for fiscal year end June 30, 2026
  - Will be applicable for State ACFR reporting, as well as those agencies required to prepare GAAP basis financial statements
- **Summary Information**
  - Establishes new requirements or modifies existing requirements related to the following areas:
    - Management's discussion and analysis (MD&A)
    - Presentation of proprietary fund statement of revenues, expenses, and changes in fund net position
    - Unusual or infrequent items
    - Information about major component units in the basic financial statements (ACFR)
    - Budgetary comparison information
    - Financial trends information in the statistical section

## Summary of GASB Updates

- **GASB Statement No. 103 – *Financial Reporting Model Improvements***
  - **Management's Discussion and Analysis**
    - The MD&A will be enhanced to include more specific information and discussion including the following categories:
      - An overview of the financial statements
      - Financial summary – condensed financial statements
      - Detailed fluctuation analysis
        - Primary government's financial position and results of operations – governmental and business-type activities
        - Fund balance or net position and results of operations - major funds
        - In addition to amounts/percentage of change, explain why changes occurred

## Summary of GASB Updates

- **GASB Statement No. 103 – *Financial Reporting Model Improvements***
  - Management’s Discussion and Analysis (cont.)
    - Significant capital asset and long-term financing activity
      - Capital asset activity
        - Includes intangible capital assets
        - Discussion of significant additions and disposals, policy changes, and economic factors
      - Long-term financing activity
        - Includes debt, leases, PPPs, and SBITAS
        - Discussion of new agreements, changes to credit rating, debt limit, significant policy changes, and economic factors
    - Currently known facts, decisions, and conditions that are expected to have a significant effect on financial position or results of operations in the subsequent year

## Summary of GASB Updates

- **GASB Statement No. 103 – *Financial Reporting Model Improvements***
  - Presentation of Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
    - Separate presentation of operating and nonoperating revenues and expenses
      - Operating revenues and expenses – activities other than nonoperating activities
      - Nonoperating revenues and expenses are:
        - Subsidies received and provided
        - Contributions to permanent and term endowments
        - Revenues and expenses related to financing
        - Resources from the disposal of capital assets and inventory
        - Investment income and expenses
      - Add a new subtotal for operating income (loss) and noncapital subsidies

# Summary of GASB Updates

- GASB Statement No. 103 – *Financial Reporting Model Improvements*

Sample City  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
for the Year Ended June 30, 20X5  
(amounts expressed in thousands)

	Enterprise Funds			Total	Internal Service Funds
	Public Utility	Transit Authority	Golf Courses		
<b>OPERATING REVENUES</b>					
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
<b>OPERATING EXPENSES</b>					
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)
<b>NONCAPITAL SUBSIDIES</b>					
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)

# Summary of GASB Updates

- GASB Statement No. 103 – *Financial Reporting Model Improvements*

<b>OTHER NONOPERATING REVENUES (EXPENSES)</b>					
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

## Summary of GASB Updates

- **GASB Statement No. 103 – Financial Reporting Model Improvements**
  - Presentation of Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position (cont.)
    - Definition of Subsidies
      - Resources received from another party or fund (1) for which the proprietary fund does not provide goods and services to the other party or fund and (2) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise
        - Federal grants
        - Scholarship donations
      - Resources provided to another party or fund (1) for which the other party or fund does not provide goods and services to the proprietary fund and (2) that are recoverable through the proprietary fund's current or future pricing policies
      - All other transfers

## Summary of GASB Updates

- **GASB Statement No. 103 – Financial Reporting Model Improvements**
  - Presentation of Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position (cont.)
    - New/Changes to WEDGE Accounts:
      - **675 – Other Revenue, Non-Operating** – Report gains related to SBITA/Lease early termination/modification, gain on disposal per the SCO-538P, and any other miscellaneous non-operating revenues
      - **676 – Other Expense, Non-Operating** – Report balance of losses related to SBITA/Lease early termination/modification, loss on disposal per the SCO-538P, and other miscellaneous non-operating expenses
      - **677 – Capital Asset Transfers In** – *Previously called Capital Contributions* - Report the gross amount of capital asset transfers in as reported in the transfer column on the SCO-538P

## Summary of GASB Updates

- **GASB Statement No. 103 – Financial Reporting Model Improvements**
  - Presentation of Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position (cont.)
    - New/Changes to WEDGE Accounts:
      - **681 - Capital Asset Transfers Out** – *New account* - Report the gross amount of capital asset transfers out as reported in the transfer column on the SCO-538P
      - **683 - Federal Government, Non-Operating** – *New account* - Report the balance of federal government revenue which has previously been included in a/c 675 - other revenue, non-operating

## Summary of GASB Updates

- **GASB Statement No. 103 – Financial Reporting Model Improvements**
  - Presentation of Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position (cont.)
    - New/Changes to Financial Statement Presentation:
      - Transfers-In Restricted for Capital Assets
        - New financial statement account to report the balance of transfers in (“T” type transactions) per the SCO-567 restricted for capital spending
        - Restriction for capital spending must be a requirement from legislation or regulation
        - Agencies to continue to report the SCO-567 balance of transfers in using account 679 – Transfers-In
        - IOC will manually reclassify the balance of transfers-in restricted for capital assets within the ACFR financial statements

## Summary of GASB Updates

- **GASB Statement No. 103 – *Financial Reporting Model Improvements***
  - Unusual or infrequent items
    - Transactions and other events that are unusual in nature or infrequent in occurrence
    - Separately present inflows and outflows of resources that are unusual in nature and/or infrequent in occurrence
    - Replaces the extraordinary and special item categories
    - Disclose additional information about those inflows and outflows, as applicable
  - Example
    - Catastrophic flooding
      - Report costs related to recovery and any funding associated with recovery
      - Provide summary footnote disclosure describing the event

## Summary of GASB Updates

- **GASB Statement No. 103 – *Financial Reporting Model Improvements***
  - Information about Major Component Units
    - Clarifies requirements of the presentation of each major component unit within the State's financial statements
  - Budgetary Comparison Information
    - Separate columns for the variance between the original and final budget amounts and the final budget amounts and actual results are required to be presented
    - Explanation of significant variances between original and final budget amounts and final budget amounts and actual results is required
  - Financial Trends Information – Statistical Section
    - This section of the GASB is N/A to the State of Illinois (applicable to governments within only business-type or only business-type and fiduciary activities)

## Summary of GASB Updates

- **GASB Statement No. 103 – *Financial Reporting Model Improvements***
  - Implementation - Information needed from agencies
    - MD&A detailed fluctuation analysis – IOC will continue to rely on the SCO-510 explanations for understanding changes in account balances. Agencies to ensure explanations provided are detailed to allow for minimal IOC follow up on significant account balances
    - MD&A capital asset and long-term financing activity – IOC will specifically contact certain agencies for information on fluctuations of capital assets and long-term financing when reviewing the SCO-538
    - Proprietary Funds - Agencies with proprietary funds will receive a question as part of the annual agency request listing to confirm if any “T” type transactions on the SCO-567 are restricted for capital spending. The balance of this type of activity will be manually reclassified as a Transfer-In Restricted for Capital Assets on the financial statements

## Summary of GASB Updates

- **GASB Statement No. 104 – *Disclosure of Certain Capital Assets***
  - Effective for fiscal year end June 30, 2026
  - Will be applicable for the State ACFR reporting, as well as those agencies required to prepare GAAP basis financial statements
  - Summary Information
    - Requires leased assets, intangible right-to-use assets, and subscription assets to be disclosed separately by major class of underlying asset in the capital assets’ note disclosures
    - Requires intangible assets other than the above to be disclosed separately by major class
    - Requires additional disclosures for capital assets held for sale

## Summary of GASB Updates

- **GASB Statement No. 104 – *Disclosure of Certain Capital Assets***
  - Separate Disclosure of Certain Capital Assets
    - No changes to the current SCO-538 form for Governmental funds or Proprietary Funds
      - Continued reporting on leased equipment, buildings, and other, and SBITA's
      - Other intangible asset categories
        - Non-Internally Generated Software
        - Internally Generated Software
        - Easements/Rights of Way/Water-Timber-Mineral Rights
        - Conservation Land
        - Fiber Optics
        - Other
    - IOC to use information provided on the SCO-538 form to further break out intangible asset categories which have historically been combined for footnote disclosure within the ACFR

## Summary of GASB Updates

- **GASB Statement No. 104 – *Disclosure of Certain Capital Assets***
  - Capital Assets Held For Sale
    - Definition of Capital Assets Held for Sale
      - A government has decided to pursue the sale of the asset
      - It is probable (likely to occur) that the sale will be finalized within one year of the financial statement date
    - Considerations
      - Is the asset available for immediate sale in its present condition?
      - Has an active program to locate a buyer been initiated?
      - What are the market conditions for selling the specific type of asset?
      - Are there any regulatory approvals needed to sell the asset?
    - Timing
      - An evaluation on whether a capital asset is a capital asset held for sale should be performed each reporting period

## Summary of GASB Updates

- **GASB Statement No. 104 – *Disclosure of Certain Capital Assets***
  - Implementation – Information needed from agencies - Capital Assets Held For Sale
    - IOC to perform an analysis of total capital assets held by each agency
    - Agencies with material asset balances will receive a request for information as part of the annual request listing
      - Confirm whether the agency has any assets held for sale as of CY June 30, 202X
      - If yes, please provide a summary of the asset held for sale, including the gross balance and accumulated depreciation
    - IOC will analyze all responses for materiality and determine whether additional disclosure within the ACFR is required

## Summary of GASB Updates

- **GASB Statement No. 105 – *Subsequent Events***
  - Effective for fiscal year end June 30, 2027
  - Will be applicable for the State ACFR reporting, as well as those agencies required to prepare GAAP basis financial statements
  - **Summary Information**
    - Defines subsequent events as transactions or other events that occur after the date of 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 the financial statements are complete in a form and format that complies with GAAP, and
      - Approvals necessary for issuance have been obtained
    - The date through which subsequent events have been evaluated should be disclosed in the notes to the financial statements

# Summary of GASB Updates

- **GASB Statement No. 105 – *Subsequent Events***
  - Types of Subsequent Events
    - Recognized Events
      - Provides evidence of conditions that existed at the financial statement date which would impact the calculation of an accounting estimate
      - Identification requires professional judgement and knowledge of facts and circumstances
      - Examples:
        - Bankruptcy of a major customer subsequent to the financial statement date could indicate financial conditions were deteriorating as of the financial statement date. This could have impacted the uncollectible accounts receivable calculation
      - Accounting Impact
        - Accounting estimates should reflect conditions that existed as of the date of the financial statements, including those conditions substantiated by recognized events

# Summary of GASB Updates

- **GASB Statement No. 105 – *Subsequent Events***
  - Types of Subsequent Events
    - Nonrecognized Events
      - An event that results in a significant effect (favorable or unfavorable) that is recognized or disclosed in the basic financial statements in the reporting period in which the event occurs
        - A debt-related transaction
        - A government combination or a disposal of government operations
        - A change to the legally separate entities that compose the financial reporting entity
        - A transaction or other event that is of such a nature that the information is essential to a user's analysis for making decisions or assessing accountability

# Summary of GASB Updates

- **GASB Statement No. 105 – *Subsequent Events***
  - Types of Subsequent Events
    - Nonrecognized Events (cont.)
      - Nonrecognized events do not inform conditions that existed at the financial statement date and thus, the effects related to nonrecognized events should not be incorporated into amounts reported as of the financial statement date in the basic financial statements
      - Disclosure
        - Description of the event and the effect
        - Estimate of the amount of the effect of the nonrecognized event, or the reason it cannot be estimated

## Questions/Comments?