WHAT YOU NEED TO KNOW ABOUT GASB STATEMENT NO.100, *ACCOUNTING CHANGES AND ERROR CORRECTIONS*

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What: In June 2022, the GASB issued a new Statement containing accounting and reporting standards for changes in accounting principles, changes in accounting estimate, changes to or within the financial reporting entity (reporting entity changes), and corrections of an error in previously issued financial statements (error corrections).

Why: The prior standards originally came from the AICPA and the FASB and are nearly 50 years old. They were brought into the GASB's Codification with only minor revisions to reflect the government environment. The GASB's examination of how those standards were functioning in practice found that:

1. Many governments and auditors needed clarification on their organization and language.
2. It could be difficult to identify the appropriate accounting change type and distinguish between an error correction and an accounting change.
3. The difference in the requirements for single-year and comparative financial statements was unclear.
4. Other reporting entity changes are important to know about.
5. The effects on beginning balances and line items in the financial statements were not explicitly communicated.

Who: All state and local governmental entities.

When: Fiscal years ending June 30, 2024, and later (e.g., September 30, 2024; December 31, 2024; March 31, 2025). Earlier application is encouraged.

Summary of the Requirements (see the next page)

Key Changes to the Standards

- Overall, the guidance should be easier to understand and apply.
- Reporting entity changes are broader than just adding or removing a component unit.
- The meaning of "preferable" is explained with respect to changes in accounting principle and accounting estimate.
- The aggregate amounts of restatements and adjustments should appear on the face of the financial statements, in addition to the restated beginning balances.
- Changes in accounting principle and error corrections that result in reclassification in the financial statements but do not affect beginning balances should be disclosed. (continued on page 3)

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Summary of the Requirements

	Description	Accounting	Disclosure	RSI & SI[1]
Change in accounting principle	(1) A change from one generally accepted accounting principle to a more preferable[2] generally accepted accounting principle, or (2) implementing a new GASB pronouncement.	Restate beginning net position, fund balance, or fund net position (beginning balances) of the current period for the cumulative effect of the change (for comparative statements, restate all periods affected).	Nature of and reason for the change, affected line items, and the effects on beginning balances in a tabular format that reconciles the previously reported balances with the restated balances. For new pronouncements, identify the pronouncement but no disclosure of the reason is required.	Make the same restatements for the years included in the financial statements. Do not restate earlier years.[3]
Change in accounting estimate	A change in the *inputs* into an estimate—such as data, assumptions, and measurement methodologies—due to different circumstances, different information, or more experience. A new measurement methodology should be preferable[2] to the prior one.	Report prospectively in the period in which it occurs.	Nature of the change, affected line items, and the reason (for a change in measurement methodology).	Not applicable because reporting is prospective.
Change to or within the financial reporting entity	(1) The addition or removal of (a) a component unit or (b) a fund (due to the movement of continuing operations within the primary government); (2) a change between blended and discrete presentation; or (3) a change between major and nonmajor fund.	Adjust the current reporting period's beginning balances as if the change had occurred at the start of the period.	Nature of and reason for the change (except for major/nonmajor) and the effects on beginning balances in a tabular format.	Make the same restatements for the years included in the financial statements. Do not restate earlier years.[3]
Error correction	Resolving math errors; mistakes in the application of accounting principles; or 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.	Same as change in accounting principle.	Nature of the error and its correction, affected line items and periods, the effects on beginning balances in a tabular format, and the effect on the prior period's change in those balances had the error not occurred (for comparative financials, the effect on the prior period's changes in balances).	Correct all years affected, if practicable, and identify information affected as restated or not restated. If not practicable, explain why not.

[1] Required supplementary information and supplementary information.
[2] Preferability is based on the reliability, relevance, understandability, comparability, consistency, and timeliness of information.
[3] Explain in RSI/SI why information in earlier years is not consistent with the current period because of the change, if applicable.

Key Changes to the Standards (continued)

- Only the current period's beginning balances should be adjusted for reporting entity changes, not the prior period in comparative financial statements.
- The restatements and adjustments generally should be disclosed in a tabular format that individually identifies their effects on beginning balances.
- Guidance for RSI and SI is provided for the first time.

What to Do to Get Ready for Statement 100

Application of Statement 100 should not be significantly different from the prior standards. Read GASB Statement 100—it is available free at gasb.org/standards—then consider the following:

- Identify whether your government had any of the new reporting entity changes in the years covered by the financial statements:
  - Changes between discrete and blended presentation of component units
  - Changes between major and nonmajor fund presentation for governmental and enterprise funds
  - The addition or removal of a fund as a result of moving continuing operations from one part of the primary government to another.
- Identify whether your government had any changes in accounting principle or reporting entity changes that did not affect beginning balances but did result in reclassifying financial statement items.
- Consider how your existing disclosures (if any) related to implementing new GASB Statements might be consolidated with the Statement 100 disclosures of changes in accounting principle.
- Review the illustrations of the tabular format disclosure in Appendix C of Statement 100 and decide which version best suits your government.
- If an error correction affects years prior to those in the financial statements, consider whether corrections can be made for those years in RSI or SI. Correcting information for earlier years in a statistical section schedule may be easier than for an RSI schedule for pensions.

If you need assistance with getting ready for Statement 100, contact your CRI advisor and we'll help you adjust to the changes.