Community Development Agency of the Incorporated Village of Rockville Centre, New York

(A Component Unit of the Incorporated Village of Rockville Centre, New York)

Financial Report

May 31, 2022

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Opinions

We have audited the financial statements of the governmental activities and the governmental fund of the Community Development Agency of the Incorporated Village of Rockville Centre, New York (Agency) (a component unit of the Village of Rockville Centre, New York), as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the governmental fund of the Agency, as of May 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Albany, New York
August 19, 2022

Community Development Agency of the Incorporated Village of Rockville Centre, New York

(A Component Unit of the Village of Rockville Centre, New York)

Statement of Net Position

		May 31, 2022
		Governmental Activities
ASSETS		
Cash and cash equivalents	$	134,751
Due from Incorporated Village of Rockville Centre, New York General Fund		92,317
Due from other governments		49,633
Total assets	**$**	**276,701**
LIABILITIES		
Due to Incorporated Village of Rockville Centre, New York General Fund	$	195,165
Accrued liabilities		15,993
Total liabilities		211,158
NET POSITION		
Unrestricted		65,543
Total liabilities and net position	**$**	**276,701**

See accompanying Notes to Financial Statements.

Community Development Agency of the Incorporated Village of Rockville Centre, New York

(A Component Unit of the Village of Rockville Centre, New York)

Statement of Activities

	Year Ended May 31, 2022				
		Prorgram Revenue			
	Expenses	Charges for Services	Operating Grants	Capital Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Home and community development	$ (232,976)	$ -	$ 140,660	$ -	$ (92,316)
General revenues					
Interest income					58
Transfers					92,317
Total general revenues and transfers					92,375
Change in net position					59
Net position, beginning of year					65,484
Net position, end of year					$ 65,543

See accompanying Notes to Financial Statements.

Community Development Agency of the Incorporated Village of Rockville Centre, New York

(A Component Unit of the Village of Rockville Centre, New York)

Balance Sheet – Governmental Fund

		May 31, 2022
ASSETS		
Cash and cash equivalents	$	134,751
Due from Incorporated Village of Rockville Centre, New York General Fund		92,317
Due from other governments		49,633
Total assets	**$**	**276,701**
LIABILITIES		
Due to Incorporated Village of Rockville Centre, New York General Fund	$	195,165
Accrued liabilities		15,993
Total liabilities		211,158
FUND BALANCE		
Assigned		65,543
Total liabilities and fund balance	**$**	**276,701**

See accompanying Notes to Financial Statements.

Community Development Agency of the Incorporated Village of Rockville Centre, New York

(A Component Unit of the Village of Rockville Centre, New York)

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund

	Year Ended May 31, 2022
REVENUES	
Federal aid	$ 140,660
Use of money and property	58
Total revenues	140,718
EXPENDITURES	
Home and community services	232,976
Deficiency of revenues over expenditures	**(92,258)**
OTHER FINANCING SOURCES	
Transfers in	92,317
Excess of revenues and other financing sources over expenditures	**59**
FUND BALANCE, beginning of year	65,484
FUND BALANCE, end of year	**$ 65,543**

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

The Community Development Agency is a component unit of the Incorporated Village of Rockville Centre, New York (Village), the primary reporting entity. The Agency is governed by the Village's Mayor (who serves as Chairman) and the four Village Trustees (the "Board"). They have the powers and duties conferred by Article 15-A of the General Municipal Law of the State of New York, governing municipal renewal agencies. Operations and activities in all respects follow the provisions of that Article. The mission of the Agency is to improve the living environment of low and moderate-income residents of the Village by providing decent and affordable housing, by improving public facilities and public services, and by expanding economic opportunities.

b. Financial Reporting Entity

The activity of the Agency is included within the Village's financial statements as a special revenue fund. The financial statements of the Agency are not intended to present the entire financial position or change in financial position of the Village.

The decision to include a component unit in the Agency's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of this criteria, no other entities should be included in defining the Agency's reporting entity.

c. Measurement Focus and Basis of Accounting

The accompanying basic financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing accounting and financial reporting principles in the United States of America.

The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances of these funds present increases (i.e., revenues and other financing sources, where applicable) and decreases (i.e., expenditures and other financing uses, where applicable) in net current assets.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual (i.e., as soon as they are both measurable and available). "Measurable" means the amount of the transaction can be reasonably determined, and "available" means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay current liabilities of the period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

d. Net Position and Fund Balance

The following terms are used in reporting net position:

- Net Investment in Capital Assets consists of capital assets, including restricted capital assets, reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted Net Position is reported when constraints placed on the use of resources are either:

  (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or

  (2) Imposed by law through constitutional provisions or enabling legislation

- Unrestricted is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted components of net position described above.

Fund balance for governmental funds are reported in the following classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

- Nonspendable - Amounts that cannot be spent because they are either: (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

- Restricted - Amounts that have restraints that are either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

- Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.

- Unassigned - In a special revenue fund, if expenditures and other financing uses exceed the amounts restricted, committed or assigned for those purposes, then a negative unassigned fund balance will occur.

When resources are available from multiple classifications, the Agency spends funds in the following order: restricted, committed, assigned, unassigned.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Fund Balance

The Village's Board of Trustees, as the highest level of decision-making authority, must take formal action, through a motion or resolution adopted at an official meeting, to authorize or accept any nonspendable, restriction or commitments of fund balance.

The Agency reports its total fund balance of $65,543 as assigned fund balance at May 31, 2022.

f. Budget

The Agency annually prepares budgets for operations. The Agency submits a tentative budget to the Board of Trustees prior to submission to the Nassau County, New York Office of Community Development (Nassau County). A public hearing is also held to discuss the Agency's budget prior to April 1st. The Agency then submits the budget in the form of an application to Nassau County for approval, subject to changes. The Board of Trustees is authorized to ensure into amendatory agreements with Nassau County for use of funds within Agency programs.

g. Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures and other financing sources and uses, where applicable, during the reporting period. Actual results could differ from those estimates.

h. Pensions

The Agency is a participating employer in the New York State and Local Retirement System (System). Employees in permanent positions are required to enroll in the System, and employees in part-time or seasonal positions have the option of enrolling in the System. The System is a cost sharing, multiple employer, public employee defined benefit retirement system. All pension costs and obligations associated with the System are funded by the Village, and therefore excluded from the financial statements of the Agency.

i. Other Postemployment Benefits (OPEB)

In addition to providing pension benefits, the Agency provides healthcare insurance coverage benefits for eligible retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Pursuant to contractual provisions, Agency employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. All health care benefit costs and obligations are funded by the Village and therefore OPEB related obligations are excluded from the Agency's financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

j. Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure through August 19, 2022, the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and time deposits with a maturity date within three months of the date acquired by the Agency.

New York State statutes require the Agency to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limit of $250,000. This collateral must be in the form of state and local government securities held in trust for and pledged for the Agency's deposits. The Agency's deposits were adequately insured or collateralized as of May 31, 2022.

Note 3 - Due From Other Governments

Due from other governments includes amounts due from other governments for services provided by the Agency. Receivables due from other governments are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and using historical experience applied to an aging of accounts. No allowance was deemed necessary at May 31, 2022.

Note 4 - Interfund Transactions

During the course of operations, the Village processes transactions on behalf of the Agency. Services provided and used are accounted for as revenue in the provider fund and expenditures in the user funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursements. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources form one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements as due from other funds (receivables) and due to other funds (payables).

Note 5 - Contingencies

The Agency receives grants which are subject to audit by agencies of the federal government. Such audits may report findings and questioned costs which could result in the disallowance of funding and a request for a return of funds to the federal government. Based on past audits, the Agency's administration believes that such disallowances, if any, will be immaterial to the financial statements.

Note 6 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 87, Leases. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves note disclosures. The requirements for this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument technology. The requirements of this statement, as delayed by GASB 95, are effective for periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement addresses governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions to the reference rate. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of IBOR, such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifying the definition of reference rate. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The requirements relating to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement were effective for reporting periods beginning after June 15, 2020.

Note 6 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such an infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Service Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32.* The primary objectives of this statement are to (1) increase consistency and comparability relating to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associates with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, expect for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting

Note 6 - Accounting Standards Issued But Not Yet Implemented - Continued

majority of a governing board if the primary government performs the duties that a governing board would typically perform. The requirements of this statement that (1) exempt primary governments that perform duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 99, *Omnibus 2022.* This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections.* The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by

Note 6 - Accounting Standards Issued But Not Yet Implemented - Continued

recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences.* This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave.

Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The estimated potential impact of these pronouncements on the Agency’s financial statements, if any, has not been determined at this time.