



Office of the
Washington
State Auditor
Pat McCarthy

GASB UPDATE

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The Governmental Accounting Standards Board (GASB) establishes generally accepted accounting principles (GAAP) for U.S. state and local governments. All statements, exposure drafts and other documents for public comment are available from the GASB website, www.gasb.org, free of charge.

Here is a summary of current and upcoming accounting and financial reporting standards.

GASB Pronouncements that were Effective Immediately Upon Issuance in 2020

- **Technical Bulletin No. 2020-a, *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020 and Coronavirus Diseases.*** This bulletin provides guidance on accounting and reporting for resources under the CARES Act.
- **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance***
This action is intended to provide temporary relief in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in GASB statements and implementation guides. Earlier application of the affected pronouncements is encouraged.
- **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans***
The requirements that exempt governments from reporting defined contribution pension/OPEB plans in a fiduciary trust fund, unless the government actually controls the assets, are **effective immediately**. This limits the applicability of paragraph 7 of GASB 84 to defined benefit pension/OPEB plans that are administered through qualifying trusts.

The requirements of this statement that are related to the financial accounting and reporting for IRC Section 457 plans are effective for reporting year 2022.

GASB Pronouncements Effective for Reporting Year 2020

- **Statement No. 83, *Certain Asset Retirement Obligations***
Under this statement, a government that has a legal obligation for future capital asset retirement activities is required to recognize a liability and a corresponding deferred outflow of resources. This statement was originally effective for the 2019 reporting year but was postponed by GASB 95.
- **Statement No. 84, *Fiduciary Activities***
This guidance clarifies what constitutes a fiduciary activity for financial reporting purposes and the fund types to be reported. An implementation guide is available: **Implementation Guide 2019-2 – Fiduciary Activities**. The statement and guidance were originally effective for the 2019 reporting year but was postponed by GASB 95.

- **Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements***
This statement provides additional requirements for disclosure in notes to government financial statements related to debt, including direct borrowings and direct placements. This statement was originally effective for the 2019 reporting year but was postponed by GASB 95.
- **Statement No. 90, *Majority Equity Interests***
This statement, an amendment of Statements No. 14 and 61, defines a majority equity interest and specifies how a majority equity interest in a legally separate organization should be reported. This statement was originally effective for the 2019 reporting year but was postponed by GASB 95.
- **Implementation Guide 2018-1**
This guide's objective is to clarify, explain, or elaborate on GASB Statements. This guide addresses a variety of accounting and reporting topics. It was originally effective for the 2019 reporting year but was postponed by GASB 95.

GASB Pronouncements Effective for Reporting Year 2021

- **Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period***
This statement suspends paragraphs 5-22 of GASB 62. Do not capitalize interest cost related to capital assets – expense as incurred. This statement was originally effective for the 2020 reporting year but was postponed by GASB 95.
- **Implementation Guide 2019-1**
This guide's objective is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This guide addresses OPEB, Derivative Instruments, Nonexchange Transactions, Impairment and Insurance Recoveries, and other accounting and reporting topics. This guidance was originally effective for the 2020 reporting year, but was postponed by GASB 95.

GASB Pronouncements Effective for Reporting Year 2022

- **Statement No. 87, *Leases***
This statement's scope includes definition of a lease, lease term, short-term leases, subleases, and sale-leasebacks. Guidance related to accounting and reporting for lessee and lessor. An implementation guide is available: **Implementation Guide 2019-3 - *Leases***. The statement and guidance were originally effective for the 2020 reporting year but was postponed by GASB 95.
- **Statement No. 91, *Conduit Debt Obligations***
The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement was originally effective for the 2021 reporting year, but was postponed by GASB 95.
- **Statement No. 92, *Omnibus 2020***
This statement addresses a mix of implementation issues related to leases, reinsurance recoveries, and derivative instruments (**effective immediately for reporting year 2020**). Other items effective for reporting year 2022 include intra-entity transfers of assets, postemployment benefit arrangements, government acquisitions, etc. This guidance was originally effective for the 2021 reporting year, but was postponed by GASB 95.

- **Statement No. 93, *Replacement of Interbank Offered Rates***
This statement provides exceptions to derivatives hedge accounting termination provisions and lease modifications solely to replace an interbank offered rate (IBOR). This guidance was originally effective for the 2021 reporting year but was postponed by GASB 95.
- **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans***
This statement supersedes GASB Statement No. 32. IRC section 457 deferred compensation plans that meet the definition of a pension plan should follow the accounting and financial reporting requirements of pension plans.

GASB Pronouncements Effective for Reporting Year 2023

- **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***
This statement establishes the definition of PPP's and APA's and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions.
- **Statement No. 96, *Subscription Based Information Technology Arrangements***
This statement brings the guidance on the accounting and and financial reporting for "SBITA's" in line with that of GASB 87 - Leases.

For all statements, earlier application is encouraged.

Current GASB Exposure Drafts, Invitations to Comments, etc.

GASB recently issued several proposed new standards for public comment. These exposure drafts are not new standards yet, but they will be in the future. The Board encourages any individual or organization to provide written comments about them and instructions are included with each document. The documents can be downloaded free of charge from the GASB website. This is a good opportunity to become involved in the standard setting process.

- ***Compensated Absences*** (ED February 2021, comments due June 4, 2021)

If you have questions about GASB standards, please contact the HelpDesk to be connected with a BARS and GASB Specialist.