



# GASB accounting standard update










FALL 2021





*The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for state and local governments that follow Generally Accepted Accounting Principles (GAAP). Below is a list of upcoming GASB accounting standards that may be applicable to you, along with links to related Plante Moran articles and webinars for your benefit.*

In May 2020, the GASB approved a new standard, GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This standard postponed the effective dates for certain GASB Statements and Implementation Guides, as noted below.

To continue to stay current with the upcoming changes, we welcome you to **subscribe** to our email distribution list, where you'll receive our most recent articles and invitations to our governmental webinars.

## RECENTLY ISSUED GASB STATEMENTS

Statement	Description	Effective date (fiscal years ending) as amended by GASB 95	Plante Moran articles & webinars
<p><b>GASB 84:</b> <i>Fiduciary Activities</i></p> <p>Effective for reporting periods beginning after Dec. 15, 2019 (As amended by GASB 95)</p>	<p>Establishes criteria for the identification of fiduciary activities and provides guidance on reporting those activities. An activity meeting the criteria should be reported in a fiduciary fund. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.</p> <p><b>Action item:</b> <i>Review your most recently audited financial statements to identify activities that have previously been reported as fiduciary that may no longer meet the definition. These may need to be removed from the financial statements or moved to a governmental or proprietary fund. Identify activities that previously have been reported as governmental or proprietary that now meet the definition of a fiduciary activity. Consider other activities that now may potentially need to be reported as fiduciary and reported for the first time. Financial systems will need to change to add new accounts to track additions and deductions for all fiduciary activities, and any changes in activity classifications may require budgetary adjustments to move activities into or out of the governmental funds.</i></p>	<p>Dec. 31, 2020</p> <p>March 31, 2021</p> <p>June 30, 2021</p> <p>Sept. 30, 2021</p>	<p><b>GASB 84:</b>  The changing landscape of fiduciary activities</p> <p><b>GASB 84:</b>  Next steps for fiduciary activities standard implementation</p> <p><b>GASB 84:</b>  initiates new project with significant GASB 84 implications</p> <p><b>GASB 84:</b>  A deeper dive into the GASB fiduciary activities standard</p> <p><b>GASB 84, Fiduciary Activities:</b>  Implementation lessons learned</p>
<p><b>GASB 87: Leases</b></p> <p>Effective for reporting periods beginning after June 15, 2021 (As amended by GASB 95)</p>	<p>Establishes new guidance for lease accounting for lessees and lessors and eliminates the classification of leases into operating or capital leases. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Lessees will recognize a lease liability and an intangible right to use lease asset. Lessors will recognize a lease receivable and a deferred inflow of resources.</p> <p><b>Action item:</b> <i>Review your organization's agreements and contracts to identify any that meet the definition of a lease under this Statement. Even if the agreement isn't titled a lease, it may still meet the definition under the Statement. Brainstorm other routine transactions that are exchange-like for a right to use a nonfinancial asset.</i></p>	<p>June 30, 2022</p> <p>Sept. 30, 2022</p> <p>Dec. 31, 2022</p> <p>March 31, 2023</p>	<p><b>GASB, Leases:</b>  Your implementation questions answered</p> <p><b>GASB 87:</b>  Your advanced implementation questions answered</p> <p><b>GASB 87, Leases:</b>  What you need to know for successful implementation</p> <p><b>GASB 87, Leases:</b>  A closer look</p>

Statement	Description	Effective date (fiscal years ending) as amended by GASB 95	Plante Moran articles & webinars
<b>GASB 89:</b> <i>Interest Incurred During Construction</i>  Effective for reporting periods beginning after Dec. 15, 2020 (As amended by GASB 95)	Eliminates capitalized interest costs incurred during construction for business-type activities. All interest expense (including the portion incurred during construction of a capital asset) will now be expensed. This Statement is applied prospectively so it'll only apply to current-year and future interest expenses. Any interest previously capitalized will be depreciated over the life of the asset.  <b>Action item:</b> <i>Consider early adoption to simplify accounting.</i>	Dec. 31, 2021 March 31, 2022 June 30, 2022 Sept. 30, 2022	<b>GASB 89:</b> Changes to interest cost capitalization 
<b>GASB 90:</b> <i>Majority Equity Interests</i>  Effective for reporting periods beginning after Dec. 15, 2019 (As amended by GASB 95)	Requires that governments analyze the holdings of legally separate organizations to see if the ownership of a majority equity interest in that organization qualifies as an investment under GASB 72. If it does meet the definition of an investment under GASB 72, that interest should be reported as an asset using the equity method of accounting. If it doesn't meet the definition of an investment under GASB 72, the government should report that organization as a component unit, in addition to recording the interest as an asset using the equity method of accounting within the applicable full accrual fund.  <b>Action item:</b> <i>Analyze the holdings of legally separate organizations for applicability of this Statement.</i>	Dec. 31, 2020 March 31, 2021 June 30, 2021 Sept. 30, 2021	<b>GASB releases Statement 90, Majority Equity Interests</b> 
<b>GASB 91:</b> <i>Conduit Debt Obligations</i>  Effective for reporting periods beginning after Dec. 15, 2021 (As amended by GASB 95)	Clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.  <b>Action item:</b> <i>Consider whether any of your organization's obligations meet the definition of conduit debt and need to be analyzed further.</i>	Dec. 31, 2022 March 31, 2023 June 30, 2023 Sept. 30, 2023	<b>GASB 91:</b> New requirements for conduit debt issuers 
<b>GASB 93:</b> <i>Replacement of Interbank Offered Rates</i>  Removal of LIBOR is effective for reporting periods ending after Dec. 31, 2021 (para. 11b)  Lease modifications is effective for reporting periods beginning after June 15, 2021 (As amended by GASB 95)  All other requirements effective for reporting periods beginning after June 15, 2020	The objective of this Statement is to replace citations of the London Interbank Offered Rate (LIBOR) with one or more acceptable benchmark reference rates.  <b>Action item:</b> <i>Review all debt/hedge agreements that use LIBOR as the interbank offered rate.</i>	<b>Removal of LIBOR:</b> March 31, 2022 June 30, 2022 Sept. 30, 2022 Dec. 31, 2022  <b>Lease modifications:</b> June 30, 2022 Sept. 30, 2022 Dec. 31, 2022 March 31, 2023  <b>All other requirements:</b> June 30, 2021 Sept. 30, 2021 Dec. 31, 2021 March 31, 2022	<b>GASB replacement of Interbank Offered Rates: What you need to know</b> 

Statement	Description	Effective date (fiscal years ending) as amended by GASB 95	Plante Moran articles & webinars
<b>GASB 94:</b> <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>  Effective for reporting periods beginning after June 15, 2022	Addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement.  <b>Action item:</b> Consider whether any arrangements meet the definition of PPPs and therefore require further analysis.	June 30, 2023 Sept. 30, 2023 Dec. 31, 2023 March 31, 2024	
<b>GASB 96:</b> <i>Subscription Based Information Technology Arrangements (SBITA)</i>  Effective for reporting periods beginning after June 15, 2022	This Statement addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement (i.e. software licensing). This Statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosure. The standards for SBITAs are based on the standards established in Statement No. 87, <i>Leases</i> , as amended.  <b>Action item:</b> Consider whether any of your organization's IT arrangements meet the definition of SBITAs and need to be analyzed further.	June 30, 2023 Sept. 30, 2023 Dec. 31, 2023 March 31, 2024	
<b>GASB 97:</b> <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Section 457 Plans</i>  Effective for reporting periods as follows: <ul style="list-style-type: none"> <li>• Paragraph 4 (as it applies to DC pension and OPEB plans and other employee benefit plans) and paragraph 5 are effective immediately</li> <li>• Paragraphs 6-9 are effective for fiscal years beginning after June 15, 2021</li> <li>• All other requirements are effective for reporting periods beginning after June 15, 2021</li> </ul>	This Statement is an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32.  This Statement increases consistency and comparability related to the reporting of fiduciary component units and mitigates costs associated with the reporting of certain defined contribution pension and OPEB plans, and other employee benefit plans, such as Section 457 plans.  <b>Action item:</b> Ensure you keep this standard in mind when implementing GASB 84. In addition, consider whether the changes to component unit criteria might have an impact on any separate legal entities that do not have a board, outside of pension and OPEB plans. Review all Section 457 plans to determine whether the plan should be classified as either a pension plan or other employee benefit plan, and if it then should be reported as a fiduciary activity.	Paragraphs 4-5 Effective immediately  <b>All other requirements:</b> June 30, 2022 Sept. 30, 2022 Dec. 31, 2022 March 31, 2023	Defined contribution plans & GASB Statement 97: Key considerations 

## CURRENT GASB PROJECTS

Project	Description	Current stage (As of September 2021)
<i>Financial Reporting Model</i>	The objective of this project is to make improvements to the financial reporting model, including Statement 34 ( <i>Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments</i> ) and other reporting model-related pronouncements. The objective of these improvements would be to enhance the effectiveness of the model in providing information that’s essential for decision-making and enhance the ability to assess a government’s accountability. The most significant impact of this potential new standard will be related to the measurement focus and basis of accounting for governmental fund statements. The conceptual framework project on recognition (below) will significantly impact the results of this project.	<b>Current stage:</b> Exposure Draft Re-deliberations  <b>Estimated issuance of final standard:</b> Q2, 2023
<i>Recognition Framework</i>	The objective of this project, which is closely tied to the financial reporting model, is to develop recognition criteria for whether information should be reported in state and local governmental financial statements and when that information should be reported. This project will ultimately result in a Concepts Statement.	<b>Current stage:</b> Exposure Draft Re-deliberations  <b>Estimated issuance of final standard:</b> Q2, 2023
<i>Revenue and Expense Recognition</i>	The objective of this project is to develop a comprehensive application model for the recognition of revenues and expenses that arise from nonexchange, exchange, and exchange-like transactions, including guidance for exchange transactions that hasn’t been specifically addressed in the current literature. The purpose is to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed in GASB 33 and 36, to evaluate revenue and expense recognition in the context of the conceptual framework, and to address application issues identified in practice. The changes coming from FASB Topic 606 ( <i>Revenue from Contracts with Customers</i> ) prompted this project to be formed.	<b>Current stage:</b> Preliminary Views Re-deliberations  <b>Estimated issuance of final standard:</b> Q2, 2027
<i>Compensated Absences – Reexamination of Statement 16</i>	The objective of this project is to address certain issues related to accounting and financial reporting for compensated absences. The project will consider improvements to the existing guidance in Statement 16 ( <i>Accounting for Compensated Absences</i> ) related to addressing certain types of accrued leave benefits that are not covered in Statement 16, measurement options for sick leave, and the usefulness of required notes to financial statements for decision-making and assessing accountability.	<b>Current stage:</b> Exposure Draft Deliberations  <b>Estimated issuance of final standard:</b> Q4, 2021  <b>Anticipated effective date:</b> Effective for reporting periods beginning after Dec. 15, 2022

Project	Description	Current stage (As of September 2021)
<i>Prior-Period Adjustments, Accounting Changes, and Error Corrections</i>	The objective of this project is to improve the accounting and financial reporting for prior-period adjustments, accounting changes, and error corrections in Statement 62 ( <i>Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements</i> ). The project will fully reexamine the existing standards to address issues related to inconsistency in practice, confusion about and difficulty applying the requirements, and the usefulness of the related disclosures.	<b>Current stage:</b> Exposure Draft Re-deliberations  <b>Estimated issuance of final standard:</b> Q2, 2022
<i>Renaming the Comprehensive Annual Financial Report</i>	The objective of this project is to consider whether a new name for the comprehensive annual financial report should be established and, if so, what name should be incorporated into the authoritative literature. The exposure draft proposes the terminology "Annual Comprehensive Financial Report."	<b>Current stage:</b> Exposure Draft Re-deliberations  <b>Estimated issuance of final standard:</b> Q4, 2021
<i>Omnibus</i>	The objective of this project is to address various technical corrections, as follows: the remeasurement of certain assets and liabilities solely for a change in an index or rate used to determine variable payments, including those related to payment arrangements for public-private and public-public partnerships and subscription-based IT arrangements; the effect of a purchase option on contract terms and the measurement of the liability; the classification of derivative instruments that are neither hedges nor investments; the recognition of exchange and exchange-like financial guarantees; and technical corrections to terminology in the Codification.	<b>Current stage:</b> Exposure Draft Re-deliberations  <b>Estimated issuance of final standard:</b> Q2, 2022
<i>Disclosure Framework</i>	The objective of this project is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. The result of this project will be a Concepts Statement.	<b>Current stage:</b> Exposure Draft (re-exposure of 2nd ED) Comment Period (open through Oct. 15, 2021)  <b>Estimated issuance of final standard:</b> Q2, 2022
<i>Risks and Uncertainties</i>	Currently, the FASB standards contain requirements to disclose certain risks and uncertainties relating to the nature of its operations, estimates, and vulnerability due to certain concentrations; GASB literature doesn't currently contain similar requirements. The GASB project will identify potential risks and uncertainties in the state and local government environment and consider disclosure requirements associated with those risks and uncertainties.	<b>Current stage:</b> Initial Deliberations  <b>Estimated issuance of exposure draft:</b> Q1, 2022  <b>Estimated issuance of final standard:</b> Q1, 2023
<i>Nonfinancial Assets</i>	The objective of this project is to reconsider the existing classification of nonfinancial assets and other related subclassifications (i.e. capital assets or intangible assets) and how these changes would affect financial statement presentation and disclosure. This project will not reexamine the recognition or measurement part of nonfinancial assets.	<b>Current stage:</b> Added to Agenda  <b>Estimated issuance of Exposure Draft:</b> Q2, 2023  <b>Estimated issuance of final standard:</b> Q1, 2024