



## **Governmental Accounting Standards Board (GASB) - Update**

City of Tacoma | Finance Department  
Government Performance & Finance Committee  
(GPFC)  
April 18, 2023



### **OVERVIEW**



- Governmental Accounting Standards Board (GASB) - purpose and goals.
- Provide an overview of new GASB accounting standards that will impact the City's financials

## ● ● ● BACKGROUND



- GASB standards are recognized as authoritative by:
  - state and local governments
  - State Boards of Accountancy, and
  - the American Institute of CPAs.
- The goals for GASB are to:
  - Establish and improve financial accounting and reporting standards
  - Provide useful information to community members, investors and other interested parties
  - Make governmental accounting statements more transparent and accessible

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## ● ● ● ISSUES



- There are several new GASB accounting standards in 2023-2024 that will require implementation by City accounting staff
- Some of these new GASB standards will require:
  - Changes in how the City records certain transactions
  - Additional disclosures on financial impacts

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## **GASB 94**



### **GASB 94 - Public-Private & Public-Private Partnerships (PPP) and Availability Arrangements - effective 2023**

- Agreements with another government or non-government agency to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time
- Financial statement impact :
  - Agreements that meet the definition of a lease will comply with GASB 87, or
  - Record a PPP asset by transferor, or
  - Record a receivable for installment payments and the carrying value of the PPP asset at the expected date of transfer

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## **GASB 96**



### **GASB 96 - Subscription-Based Information Technology Arrangements (SBITA) - effective 2023**

- Defines a SBITA and establishes a right-to-use asset, an intangible asset, and corresponding subscription liability (standard is similar to GASB 87- Leases)
- Financial statement impact:
  - Record a right-to-use subscription asset, an intangible asset, and subscription liability
  - Liability will be at present value of expected payments during the term of the agreement
  - Future payments will be discounted using an interest rate the vendor charges
  - Recognize amortization of discount on the liability in subsequent reporting periods

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## **GASB 100 - Accounting Changes & Error Corrections- effective 2024**

- Defines accounting changes as changes in accounting principles, changes in accounting estimates and/or changes to or within the financial reporting entity
- Financial statement impact:
  - Note disclosure – will need to include information on the accounting change and error correction
  - Beginning Balances - the quantitative effects on beginning balances of each accounting change and error correction



## **GASB 101 - Compensated Absences - effective 2024**

- Establishes guidance for measuring compensated absences
- Financial statement impact:
  - A liability will be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means
  - Disclose only the net change in liability; no longer disclose which governmental funds used to fund liability

## ●●● NEXT STEPS



- Continue to review the new GASB standards and any guidance related to those standards
- Staff are working on the development of implementation plans and timelines
- Staff are working on communication plans for departments to keep them informed of the pending changes and help prepare them for any changes in processes that they may need to make as the new standards are implemented



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