

GASB UPDATE

January, 2019

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 Effective for the Reporting Year 2018

- **Statement No. 75, *Accounting and Financial Reporting for OPEB***
This is the guidance for reporting OPEB by employers. It replaces GASB Statement No. 45 is comparable to GASB Statement No. 68 for pension plans. (See GASB Implementation Guide 2017-3).
- **Statement No. 85, *Omnibus 2017***
This statement addresses a mix of implementation issues related to blending component units, goodwill, fair value measurement, pensions and OPEB, etc.
- **Statement No. 86, *Certain Debt Extinguishment Issues***
Main topics are debt extinguishment as the result of placing exclusively the existing resources in trust and accounting for prepaid insurance on refunded debt.

GASB Pronouncements Effective for the Reporting Year 2019

- **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.
- **Statement No. 84, *Fiduciary Activities***
This guidance clarifies what constitutes a fiduciary activity for financial reporting purposes and the fund types to be reported. A draft implementation guide was published in Jan 2019.
- **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.
- **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.

GASB Pronouncements Effective for the Reporting Year 2020

- **Statement No. 87, *Leases***
Scope includes definition of a lease, lease terms, short-term leases, subleases, sale-leaseback. Accounting and reporting for lessee and lessor. An implementation guide is expected in Jan 2019.
- **Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period***
Suspends paragraphs 5-22 of GASB 62. Do not capitalize interest cost related to capital assets – expense as incurred.

For all statements, earlier application is encouraged.

Current GASB Exposure Drafts, Invitations to Comments, etc.

The 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.

- ***Conduit Debt*** (ED Jul 2018 – comment deadline was Nov 2018)
- ***Revenue and Expense Recognition*** (ITC Apr 2018; PV May 2020)
- ***Financial Reporting Model Improvements – Governmental Funds*** (PV Sep 2018 – comment deadline Feb 2019)
- ***IT Arrangements, Cloud Computing*** (ED Apr 2019)

If you have questions about GASB standards, please contact debra.burleson@sao.wa.gov or alexandra.johnson@sao.wa.gov or the HelpDesk.