



2021 Governmental GAAP Update

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Webinar

Presented by:



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Session Outline

- Newly effective standards
- Newly issued standards
- Upcoming standards
- Exposure drafts and preliminary views

Newly Issued Standards

- GASB Pronouncements **effective** in 2020:

No.	Title	Effective
83	Certain Asset Retirement Obligations	06/15/2020*
84	Fiduciary Activities	12/15/2020*
88	Certain Disclosures Related to Debt	06/15/2020*
90	Majority Equity Interests	12/15/2020*
95	Postponement* of the Effective Dates of Certain Authoritative Guidance	05/01/2020

Newly Issued Standards

- GASB Pronouncements **effective** soon:

No.	Title	Effective
87	Leases	06/15/2022*
89	Accounting for Interest Cost Incurred before the End of a Construction Period	12/15/2021*
91	Conduit Debt Obligations	12/15/2022*

Newly Issued Standards

- GASB Pronouncements **issued** in 2020:

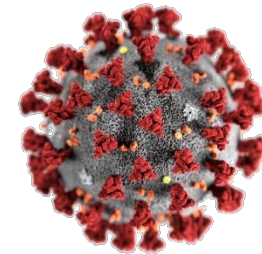
No.	Title	Effective
92	Omnibus 2020	06/15/2022*
93	Replacement of Interbank Offered Rates	06/15/2022
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	06/15/2023
96	Subscription-Based Information Technology Arrangements	06/15/2023
97	Certain CU Criteria and IRC Section 457 DC Plans	06/15/2022

Newly Issued Standards

- GASB Implementation Guides **issued** in 2020:

No.	Title	Effective
2020-1	Implementation Guidance Update—2020	06/15/2021

- Other GASB Guidance **issued** in 2020:
 - Technical Bulletin 2020-1 (June 30, 2020)
 - Emergency Tool Box (July 20, 2020)



GASB Statement 83

Certain Asset Retirement Obligations

- Effective 06/15/2019
- Addresses legally enforceable liabilities associated with the retirement of a tangible capital asset
 - Excludes landfills and pollution remediation
 - Excludes routine costs of maintenance and sale

GASB Statement 83

Certain Asset Retirement Obligations

- Example AROs
 - Decommissioning of nuclear reactors
 - Removal and disposal of wind turbines in wind farms
 - Dismantling and removal of sewage treatment plants
 - Removal and disposal of x-ray machines

GASB Statement 83

Certain Asset Retirement Obligations

- Definition of an ARO
 - Legally enforceable liability
 - Associated with the retirement of a tangible capital asset
 - Asset is permanently removed from service
 - Includes sale, abandonment, recycling, or disposal
 - Excludes temporary idle status

GASB Statement 83

Certain Asset Retirement Obligations

- Recognition (full accrual)
 - Book an ARO when incurred and reasonably estimable
 - External obligating event (laws/regulations, legally binding contracts, court judgments)
 - Internal obligating event (placing it in service, use of the tangible capital asset, abandonment, acquisition of assets with existing AROs)
 - Planning to retire an asset is not an obligating event

GASB Statement 83

Certain Asset Retirement Obligations

- Recognition (full accrual)
 - Amount of liability = best estimate of the current value of outlays expected to be incurred
 - Probability-weighted average of all potential outcomes
 - Most likely outcome (if not cost effective to weight)

GASB Statement 83

Certain Asset Retirement Obligations

- Recognition (full accrual)
 - Offset the ARO with a deferred outflow
 - Amortize over asset's useful life
 - Exception: asset abandoned before being placed in service (expense all at once)

GASB Statement 83

Certain Asset Retirement Obligations

- Recognition (full accrual)
 - Annually adjust estimates for inflation and other changes
 - Assets still in service: adjust deferred outflows
 - Retired assets: changes run through expense

GASB Statement 83

Certain Asset Retirement Obligations

- Recognition (modified accrual)
 - Only record portion that is expected to be liquidated with expendable available financial resources (as they become due and payable)

GASB Statement 83

Certain Asset Retirement Obligations

- Disclosure
 - General description of AROs and related assets
 - Methods/assumptions used
 - Remaining useful life
 - Any restricted assets set aside for ARO
 - If an ARO is not recognized because it is not yet reasonably estimable, still describe

CPE Prompt 1 of 6

GASB Statement 84

Fiduciary Activities

- Overview
 - Issued January 2017
 - Effective FYE 12/15/2019
 - Establishes criteria for identifying (and limiting) **fiduciary activities**
 - Modifies the financial statements of fiduciary funds which account for fiduciary activities

For more information, see our 10/23/2018 webinar available at:
www.rehmann.com/government-resources

GASB Statement 84

Fiduciary Activities

- Accounting and financial reporting (GASB 34)
 - Fund accounting / reporting
 - Governmental funds, proprietary funds, fiduciary funds
 - Government-wide reporting
 - Governmental activities, business-type activities
 - No fiduciary activities

GASB Statement 84

Fiduciary Activities

- GWFS
 - Still no fiduciary activities

	Governmental Activities	Business- type Activities	Total	Component Units
Assets				
Cash	\$ 100	\$ 225	\$ 325	\$ 30
Accounts receivable	50	60	110	5
Capital assets, net	450	330	780	80
Total assets	600	615	1,215	115
Liabilities				
Accounts payable	60	25	85	10
Long-term liabilities:				
Due within one year	20	10	30	5
Due after one year	300	175	475	65
Total liabilities	380	210	590	80
Net position				
Net investment in capital assets	150	155	305	15
Restricted	10	5	15	20
Unrestricted	60	245	305	-
Total net position	\$ 220	\$ 405	\$ 625	\$ 35

GASB Statement 84

Fiduciary Activities

- Identifying fiduciary activities
 1. Fiduciary component units (including pensions and OPEB plans in qualifying trusts)
 2. Pension and OPEB arrangements that are not component units
 3. Other fiduciary activities

GASB Statement 84

Fiduciary Activities

- Fiduciary component units (GASB 14)
 - Legally separate organizations
 - Primary government is financially accountable:
 - Appoints a voting majority + can impose its will; or
 - Appoints a voting majority + financial benefit/burden; or
 - Fiscally dependent + financial benefit/burden

GASB Statement 84

Fiduciary Activities

- Fiduciary component units
 - Pension/OPEB plans administered through a **qualifying trust**
 - Pension/OPEB assets held for other governments (not in trust)
 - Other fiduciary component units (see next slide)

GASB Statement 84

Fiduciary Activities

- Other component units are fiduciary activities if they have one of the following characteristics:
 - a. Assets are administered through a trust
 - Government itself is not the beneficiary
 - Assets are dedicated to providing benefits
 - Assets are legally protected from creditors

GASB Statement 84

Fiduciary Activities

- Other component units are fiduciary activities if they have one of the following characteristics:
 - b. Assets are for the benefit of individuals
 - Government does not have administrative or direct financial involvement with the assets
 - Assets are not derived from the government's provision of goods or services to those individuals

GASB Statement 84

Fiduciary Activities

- Other component units are fiduciary activities if they have one of the following characteristics:
 - c. Assets are for the benefit of organizations or other governments
 - Beneficiary is not part of the reporting entity
 - Assets are not derived from the government's provision of goods or services to those organizations or other governments

GASB Statement 84

Fiduciary Activities

- If not a component unit, a pension/OPEB plan is a fiduciary activity if:
 - Administered through a trust (or accumulated for pension/OPEB benefits of other governments); and
 - The government **controls** the assets
 - Holds the assets; or
 - Has the ability to direct the use, exchange, or employment of the assets

GASB Statement 84

Fiduciary Activities

- Three criteria for *other fiduciary activities*
 1. The assets are **controlled** by (i.e., held by, or able to have their use directed by) the government; and
 2. The assets are not derived from the government's **own-source revenue** or government-mandated/voluntary non-exchange transactions; and

GASB Statement 84

Fiduciary Activities

- Three criteria for *other fiduciary activities*
 3. The assets are either (a) held in a qualifying trust, (b) held for the benefit of individuals (without the government having administrative or direct financial involvement), or (c) held for the benefit of outside organizations not part of the government's reporting entity.

GASB Statement 84

Fiduciary Activities

- GASB's flowcharts
 - Many transactions previously reported in fiduciary funds may end up in governmental/proprietary funds
 - They may still be liabilities... but they may not be **fiduciary activities**, and therefore both the assets and liabilities should appear on the government-wide financial statements

GASB Statement 84

Fiduciary Activities

- GASB's flowcharts

Chart 1—Flowchart for Evaluating and Reporting Potential Fiduciary Activities

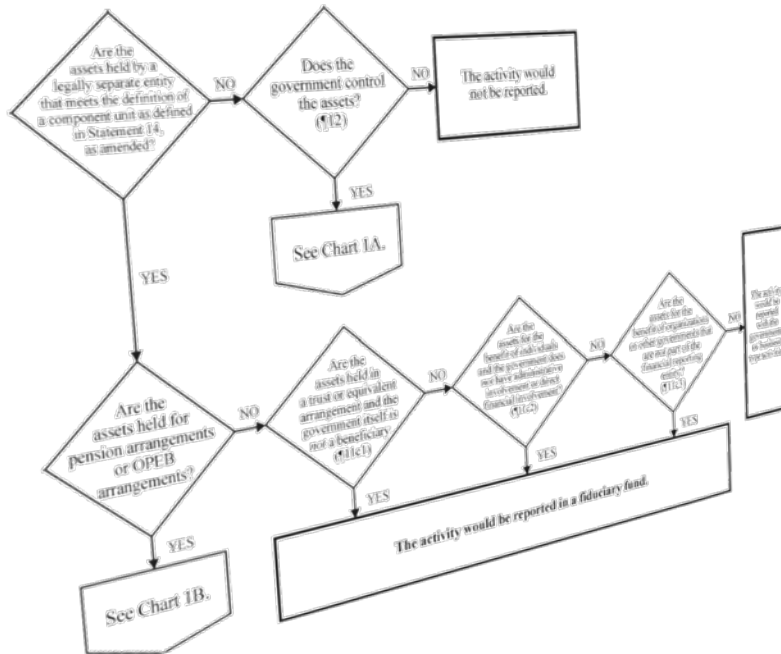
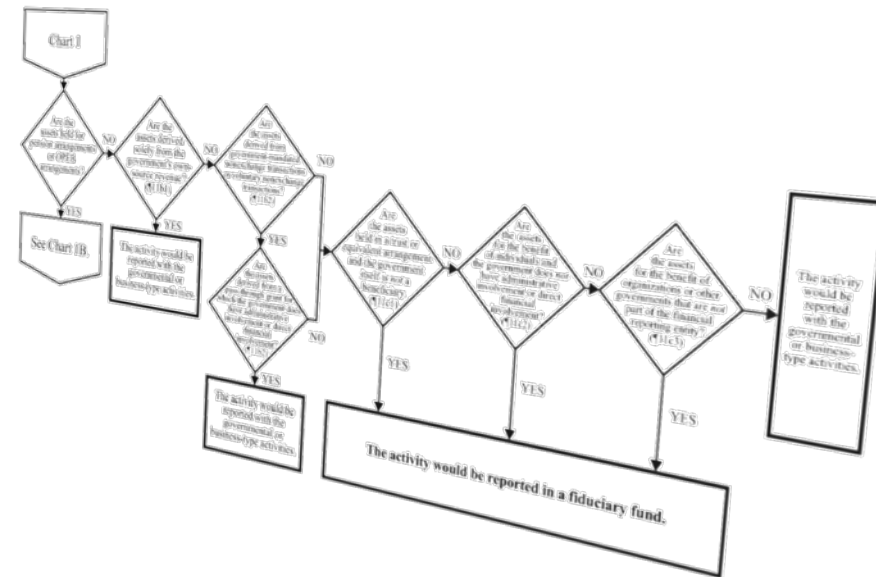


Chart 1A—Flowchart for Evaluating and Reporting Potential Fiduciary Activities



GASB Statement 84

Fiduciary Activities

- Reporting fiduciary activities in **fiduciary funds**
 - Pension (and other employee benefit) trust funds
 - Investment trust funds
 - Private-purpose trust funds
 - Custodial funds (replace agency)



GASB Statement 84

Fiduciary Activities

- Financial statements of fiduciary activities
 - Statement of Fiduciary Net Position
 - Assets (when held)
 - Liabilities (when compelled to disburse)
 - Net position (residual)
 - Statement of Changes in Fiduciary Net Position
 - Additions (inflows)
 - Deductions (outflows)

GASB Statement 84

Fiduciary Activities

- Conclusion
 - Effective FYE 12/15/2020*
 - Implementation *may* have budgetary impacts for activity moved out of agency funds
 - Implementation *may* require software updates to capture additions/deductions in custodial funds
 - Implementation *will* require each government to consider their own facts and circumstances

CPE Prompt 2 of 6

GASB Statement 87

Leases

For more information, see our
10/22/2019 webinar available at:
[www.rehmann.com/
government-resources](http://www.rehmann.com/government-resources)

- Summary
 - Defines “leases” as **financings** of the **right to use** an underlying asset
 - Establishes a single model for all leases (no more operating vs. capital)
 - Record lease assets and lease liabilities
 - Effective 06/15/2022*

GASB Statement 87

Leases

- Lease
 - a contract that conveys **control of the right to use** another entity's **nonfinancial asset** (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction

GASB Statement 87

Leases

- Lease
 - Includes contracts not explicitly defined as “leases” but that otherwise meet the definition
 - Excludes contracts for services (except those contracts that contain *both* a lease component and a service component)

GASB Statement 87

Leases

- Excluded from the scope of this statement
 - Leases of intangible assets (e.g., mineral rights, movie rights, computer software licenses*)
 - Leases of biological assets (e.g., timber, animals)
 - Leases of inventory
 - Service concession arrangements
 - Conduit debt arrangements
 - Supply contracts (e.g., purchased power)

GASB Statement 87

Leases

- Lease term
 - Period during which a lessee has a noncancelable right to use an underlying asset
 - Plus:
 - Periods covered by either the lessee's or lessor's option to extend (if reasonably certain to be exercised)
 - Periods covered by either the lessee's or lessor's option to terminate (if reasonably certain *not* to be exercised)

GASB Statement 87

Leases

- Lease term
 - Periods for which both the lessee *and* the lessor have an option to terminate the lease (or if both parties have to agree to extend) are cancelable periods and are excluded from the lease term
 - Examples: rolling month-to-month leases

GASB Statement 87

Leases

- Short-term leases
 - If the *maximum possible* lease term is 12 months or less at inception:
 - Recognize expense (lessees) or revenue (lessors) in accordance with lease contract
 - No intangible lease asset or lease liability
 - For rolling (month-to-month/year-to-year) leases, the maximum possible lease term is the noncancelable portion (including notice period)

GASB Statement 87

Leases

- Contracts that transfer ownership
 - Transfer ownership of the underlying asset to the lessee at or before the end of the contract; *and*
 - Do not contain termination options (other than fiscal funding or cancelation clauses not reasonably certain of being exercised)
 - Report as a finance purchase, rather than as a lease

CPE Prompt 3 of 6

GASB Statement 87

Leases

- Lease recognition and measurement (lessee)
 - Lease liability
 - Intangible right-to-use asset (“lease asset”)
- Lease recognition and measurement (lessor)
 - Lease receivable
 - Deferred inflow of resources

GASB Statement 87

Leases

- Lease liability (lessee) / receivable (lessor)
 - Present value of payments expected to be made for the lease term
 - Fixed payments
 - Variable payments (dependent on index/rate) using current rates at inception
 - Amounts that are reasonably certain of being paid (e.g., residual value guarantees, purchase options, termination penalties)

GASB Statement 87

Leases

- Lease liability (lessee) / receivable (lessor)
 - Present value of payments expected to be made for the lease term
 - Discounted at the rate the lessor charges the lessee (implicit rate), or the lessee's incremental borrowing rate (if the implicit rate is not readily determinable)
 - In future periods, lessees recognize an outflow (e.g., interest expense) and lessors recognize an inflow (e.g., interest revenue) for the amortization of the discount

GASB Statement 87

Leases

- Lease asset (lessee)
 - Initially measured the same as the lease liability
 - Add: lease payments made to lessor at or before the beginning of the lease term; initial direct costs necessary to place the lease asset into service
 - Deduct: lease incentives received from the lessor

GASB Statement 87

Leases

- Lease asset (lessee)
 - Amortized (i.e., depreciated) in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset
 - If the lease includes a purchase option that is reasonably certain of being exercised, then amortize over the useful life of the asset (unless the underlying asset is nondepreciable, then do not amortize)

GASB Statement 87

Leases

- Deferred inflow of resources (lessor)
 - Initially measured the same as the lease receivable
 - Add: lease payments received at or before the beginning of the lease term that relates to future periods (e.g., last month's rent)

GASB Statement 87

Leases

- Deferred inflow of resources (lessor)
 - Recognized in a systematic and rational manner over the lease term
 - Generally adjusted by the same amount as the lease receivable if remeasured

GASB Statement 87

Leases

- Underlying asset (lessor)
 - Do not derecognize underlying asset
 - Continue to apply depreciation and impairment guidance during the lease term
 - If the lease requires the asset to be returned in its original (or enhanced) condition, then do not depreciate during the lease term

GASB Statement 87

Leases

- Accounting in governmental funds (lessee)
 - Inception: debit expenditure (capital outlay); credit other financing source (proceeds from long-term debt)
 - Lease payments: debit expenditure (debt service); credit cash

GASB Statement 87

Leases

- Accounting in governmental funds (lessor)
 - Inception: debit lease receivable; credit deferred inflow
 - Lease payments received: debit cash; credit lease receivable
 - Systematically over lease term: debit deferred inflow; credit revenue

GASB Statement 87

Leases

- Notes to financial statements (lessee)
 - Disclose:
 - General description (basis, terms, conditions)
 - Total lease assets and accumulated depreciation (separate from other capital assets)
 - Amount of lease assets by major class of underlying assets (separate from other capital assets)
 - Any current year outflows (expenses) for variable payments not previously included in the lease liability

GASB Statement 87

Leases

- Notes to financial statements (lessor)
 - Disclose:
 - General description (basis, terms, conditions)
 - Amount of inflows recognized during the year from leases
 - Lease termination provisions if the government used lease receivables as collateral

GASB Statement 87

Leases

- Notes to financial statements (lessor)
 - Disclose (if applicable):
 - Leases of assets that are investments
 - Certain regulated leases
 - Sublease transactions
 - Sale-leaseback transactions
 - Lease-leaseback transactions

GASB Statement 87

Leases

- Notes to financial statements (lessor)
 - Disclose (if leasing is the government’s principal activity):
 - Schedule of future payments included in the measurement of the lease receivable showing principal and interest for each of the next 5 years and in 5-year increments thereafter

GASB Statement 87

Leases

- Contracts with multiple components
 - Contracts may include:
 - Both a lease and a non-lease component
 - Multiple underlying assets
 - Treat as separate contracts (use professional judgment to estimate amounts)
 - If not practical to separate components, may treat as a single lease unit

GASB Statement 87

Other Observations

- This standard will largely have a balance sheet impact
 - Lessees: offsetting asset and liability
 - Lessors: offsetting asset and deferred inflow
 - *Existing leases may not match exactly*
- There will likely be no significant impact on budgetary accounting

GASB Statement 87

Other Observations

- Never forget the 12 most important words of any GASB Statement:

The provisions of this Statement need not be applied to immaterial items.

- Capitalization thresholds could (should?) be set and applied to leases, as well

CPE Prompt 4 of 6

GASB Statement 88

Certain Disclosures Related to Debt

- Summary
 - Defines **debt** for disclosure purposes
 - Adds new disclosure requirements
 - Effective 06/15/2020*

GASB Statement 88

Certain Disclosures Related to Debt

- Debt
 - a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established
 - does not include leases

GASB Statement 88

Certain Disclosures Related to Debt

- Required disclosures
 - Amount of unused lines of credit
 - Assets pledged as collateral for debt
 - Terms specified in debt agreements related to significant
 - 1) events of default with finance-related consequences,
 - 2) termination events with finance-related consequences, and
 - 3) subjective acceleration clauses

GASB Statement 88

Certain Disclosures Related to Debt

- Separately disclose:
 - Direct borrowings / direct placements of debt
 - Other debt

GASB Statement 89

Interest Cost Incurred During Construction

- Summary
 - Eliminates interest capitalization for enterprise funds
 - Applied prospectively (no need to go back and remove already capitalized interest)
 - Effective 12/15/2021* (early implementation is encouraged)

GASB Statement 90

Majority Equity Interests

- Summary
 - Defines a **majority equity interest (MEI)** in a legally separate organization
 - Provides guidance on reporting MEIs as investments or component units
 - Effective 12/15/2020*

GASB Statement 90

Majority Equity Interests

- Equity interest
 - Financial interest in a legally separate organization
 - Evidenced by the ownership of shares of the organization's stock (or an explicit, measurable right to its net resources)
 - Usually based on an investment of financial or capital resources by a government

GASB Statement 90

Majority Equity Interests

- MEIs that are Investments
 - If a government owns a MEI that meets the definition of an investment (per GASB 72), then report it using the equity method
 - Held primarily for the purpose of income or profit
 - Present service capacity based solely on its ability to generate cash or to be sold to generate cash
 - Do not report as a component unit

GASB Statement 90

Majority Equity Interests

- MEIs that are not investments
 - If an MEI is not an investment, then the government is financially accountable for the organization, and should report a component unit
 - Also report as an asset of the government that holds the MEI, using the equity method

GASB Statement 90

Majority Equity Interests

- 100% Equity Interest
 - If a government acquires a 100% equity interest in a component unit, follow the guidance from GASB 69 on government combinations to measure the component unit's assets, deferred outflows, liabilities, deferred inflows, and net position

CPE Prompt 5 of 6

GASB Statement 91

Conduit Debt Obligations

- Effective 12/15/2022*
- Clarifies the definition of a conduit debt obligation
 - States that CDOs are not a liability of the issuer
 - Revises disclosure requirements

GASB Statement 91

Conduit Debt Obligations

- Definition of a CDO:
 - At least 3 parties are involved (issuer, third-party obligor, and debt holder/trustee)
 - The issuer and third-party obligor are not within the same financial reporting entity
 - The debt is not a “parity bond” or “cross-collateralized” with other debt of the issuer (*these effectively make the issuer the obligor*)

GASB Statement 91

Conduit Debt Obligations

- Definition of a CDO (cont.):
 - Debt proceeds ultimately go to the third-party obligor (not the issuer)
 - The third-party obligor (not the issuer) is primarily obligated for the repayment of the debt

GASB Statement 91

Conduit Debt Obligations

- Issuer
 - Makes a *limited commitment* to maintain the issue's tax exempt status
 - Assumes no responsibility to make debt service payments beyond any resources provided by the third-party obligor
 - May include **additional commitments**, or **voluntary commitments** of its own resources

GASB Statement 91

Conduit Debt Obligations

- Issuer
 - Additional commitments
 - Moral obligation pledge
 - Appropriation pledge
 - Financial guarantee
 - Pledging assets or revenue as security
 - Voluntary commitments
 - Decide, on a voluntary basis, to make payments in the event the third-party obligor is unable to do so

GASB Statement 91

Conduit Debt Obligations

- Issuer
 - Liability recognition
 - No liability is required unless an additional or voluntary commitment is made
 - If an additional or voluntary commitment is made, annually evaluate the likelihood that a debt service payment will be made by the issuer
 - Book a liability (NPV) if such a payment is *more likely than not*

GASB Statement 91

Conduit Debt Obligations

- Arrangements associated with CDOs
 - Construction/acquisition of the capital asset financed by the CDO
 - Issuer retains title to the capital asset
 - Payments from the third-party obligor are to cover the debt service
 - The payment schedule coincides with the debt service repayment schedule

GASB Statement 91

Conduit Debt Obligations

- Arrangements associated with CDOs
 - Even those these may be styled as leases, they are not leases for GAAP
 - May be service concession arrangements (see GASB 60)

GASB Statement 91

Conduit Debt Obligations

- Arrangements associated with CDOs
 - Issuer releases title at end of arrangement
 - Record no capital asset, debt, or receivable
 - Issuer retains title at end of arrangement
 - Record no capital asset, debt, or receivable
 - Record capital asset at acquisition value (i.e., donation) at end of arrangement

GASB Statement 91

Conduit Debt Obligations

- Arrangements associated with CDOs
 - Issuer retains title at end of arrangement, and third-party obligor only has exclusive use of portions of the capital asset
 - Record entire capital asset, but no debt or receivable
 - Record capital asset at acquisition value (i.e., donation), and deferred inflow to be amortized over the agreement

GASB Statement 91

Conduit Debt Obligations

- Note disclosures
 - General description of the CDO, and the issuer's limited commitments
 - Balance of CDOs outstanding
 - If applicable:
 - Additional or voluntary commitments made
 - Description of liability recognized (beginning balance, increases, decreases, and ending balance)
 - Amounts paid and expected to be recovered

GASB Statement 92

Omnibus 2020

- Provided various small technical corrections to existing GASB Statements and Implementation Guides
- Effective 06/15/2022*

GASB Statement 93

Replacement of Interbank Offered Rates

- Allows derivative instruments that were considered *effective hedges* under GASB 53 to continue to be reported that way when contracts are updated for the elimination of LIBOR in 2021
- Effective 06/15/2022*

GASB Statement 94

Public-Private Partnership and APAs

- Builds on GASB 60, Service Concession Arrangements
- Defines Public-Private Partnerships, Public-Public Partnerships (**PPPs**), and Availability Payment Arrangements (**APAs**)
- Effective 06/15/2023

GASB Statement 94

Public-Private Partnership and APAs

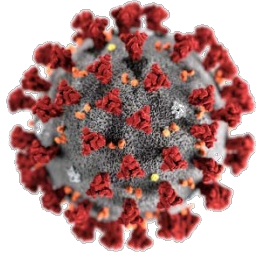
- Public-private and public-public partnerships (PPPs)
 - Government (**transferor**) contracts with an **operator** to provide public services by conveying **control of the right to operate or use** a nonfinancial asset for a period of time in an exchange or exchange-like transaction
 - Includes service concession arrangements (large up-front payment, installment payments, or a new/improved facility)
 - May meet the definition of a lease (see GASB 87)

Public-Private Partnership and APAs

- Availability payment arrangements (APAs)
 - Government compensates an **operator** for services that include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction
 - Designing, constructing, and financing costs should be treated as a financed purchase
 - Maintaining and operating should be expensed as incurred

GASB Statement 95

Postponement of Effective Dates



- Issued in response to COVID-19
 - Delayed the effective date of virtually all pending GAAP by 12 months

CPE Prompt 6 of 6

GASB Statement 96

Subscription-Based IT Arrangements

- GASB 87, *Leases*, initially excluded software
- Merges the guidance from
 - GASB 51, Accounting and Reporting for Intangible Assets
 - GASB 87, Leases
- Record a **subscription asset** and **subscription liability**
- Effective 06/15/2023

GASB Statement 96

Subscription-Based IT Arrangements

- Stages of SBITA
 - Preliminary project stage
 - Evaluating alternatives, vendor selection
 - Initial implementation stage
 - Charges necessary to place the subscription asset into service
 - Operation and additional implementation stage
 - Subsequent activities, maintenance, ongoing operations

GASB Statement 96

Subscription-Based IT Arrangements

- Expense as incurred
 - Preliminary project stage
 - Evaluating alternatives, vendor selection
 - Initial implementation stage
 - Charges necessary to place the subscription asset into service
 - Operation and additional implementation stage
 - Subsequent activities, maintenance, ongoing operations
 - Training

GASB Statement 96

Subscription-Based IT Arrangements

- Capitalize as part of the subscription asset
 - Preliminary project stage
 - Evaluating alternatives, vendor selection
 - Initial implementation stage
 - Charges necessary to place the subscription asset into service
 - Operation and additional implementation stage
 - Subsequent activities, maintenance, ongoing operations
 - Training

GASB Statement 96

Subscription-Based IT Arrangements

- Notes to financial statements
 - General description of SBITAs
 - Total amount of subscription assets / amortization
 - Principal and interest requirements to maturity
 - Subscription liabilities are not considered “debt” under GASB 88

GASB Statement 97

Certain CU Criteria and IRC §457 DC Plans

- Technical amendment to GASBs 14/84
- Important for determining fiduciary component units
- Effective 06/15/2022

GASB Statement 97

Certain CU Criteria and IRC §457 DC Plans

- Not all legally separate organizations have a governing board
 - If the PG performs board duties, treat it as if the PG appoints a voting majority (except for defined contribution plans and noncontributory 457 plans)

GASB Statement 97

Certain CU Criteria and IRC §457 DC Plans

- GASB 84 financial burden criteria only applies to DB plans
- Section 457 plans may be pension plans or other employee benefit plans, depending on employer contributions
 - If a pension plan, follow GASB 67/68, as amended

GASB Implementation Guide 2020-1

Implementation Guidance Update—2020

- Annual update of questions and answers
- Now Level B GAAP
 - 21 new Q&A (reporting entity, external investment pools, fiduciary activities, leases, AROs, CDOs)
 - 5 amended Q&A (technical clarifications)

Upcoming Standards

- GASB Pronouncements expected in 2021:
 - Compensated absences (ED 1Q21, Final 4Q21)
 - Conceptual Framework: Disclosures (CS 2Q21)
 - Prior Period Adjustments (ED 2Q21)
 - Risks and Uncertainties Disclosures (ED 4Q21)

Looking Further Ahead

- Other GASB projects:
 - Financial Reporting Model (Final 2Q22)
 - Conceptual Framework: Recognition (ED 2Q22)
 - Revenue and Expense Recognition (ED 2Q23)

Questions?



For more information...



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