

GASB Mid-Year 2020 Update

GASB is the independent organization that establishes and improves accounting and financial reporting standards for U.S. governmental entities. Even before the COVID-19 pandemic, GASB's standard-setting activity slowed to a more manageable level in 2020 after several very busy years. This paper summarizes GASB-issued standards sorted by effective date (see [Appendix A](#)) and includes updates on outstanding proposals, projects, and research. GASB encourages early adoption of all standards, except as noted.

COVID-19 Update

In May, in response to challenges arising from COVID-19, GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB approved an 18-month postponement for Statement 87, *Leases*. All statements and implementation guides with a current effective date of reporting periods beginning after June 15, 2018, and later will have a one-year postponement. The new effective dates are reflected in this document.

GASB also posted a [toolbox](#) on its website to assist governments to identify the guidance to address COVID-19-related issues. Topics covered include impairment, contingencies, and revenue and expense recognition. On July 20, 2020, the toolbox was updated to include guidance in the following areas:

- Disclosures related to outflows of resources incurred in response to COVID-19
- Donated inventory
- Nonexchange financial guarantee disclosures
- Subsequent contravention of eligibility requirements
- Classification of transactions not specifically addressed in Category A or Category B authoritative literature as either operating or nonoperating revenues and expenses
- Extension of property tax due dates
- Subsequent events disclosures for legislation enacted after the end of the reporting period

GASB has extended comment period deadlines on outstanding exposure drafts and is rescheduling previously planned public hearings to the second half of 2020. Future statements finalized will include additional time for implementation.

GASB has issued a Technical Bulletin, *Accounting and Financial Reporting Issues Related to the CARES Act of 2020 and COVID-19*, which provides application guidance for the recognition and presentation of transactions and other events related to *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) relief programs. The bulletin is effective immediately (see BKD article "[GASB Finalizes COVID-19 Accounting Guidance](#)").

GASB is monitoring the COVID-19 situation and stands ready to address any additional guidance or standard setting needed.

GASB Mid-Year 2020 Update

Below are GASB accounting standards and implementation guidance effective for reporting periods beginning after June 15, 2019.

Reporting Periods Beginning After June 15, 2019 FY20	
Standard	Description
Statement 83 <i>Certain Asset Retirement Obligations</i> Issued November 2016 Related Resource: GASB's Asset Retirement Guidance	Standardizes requirements on the recognition and measurement for asset retirement obligations—other than landfills—to reduce inconsistency in financial reporting and enhance comparability.
Statement 88 <i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i> Issued April 2018 Related Resource: GASB Issues Statement on Debt Disclosures	Requires new disclosures, including unused lines of credit; assets pledged as collateral; and terms specified in debt agreements related to significant events of default, termination events, and subjective acceleration clauses. Direct borrowings and direct placements should be reported separately from other debt.
Implementation Guide 2018-1 Issued April 2018 Related Resource: GASB Issues Annual Implementation Guide	Nine new questions and amendments to eight existing questions. Five of these questions relate to GASB Statement 77 on tax abatement disclosures.

Below are GASB accounting standards and implementation guidance effective for reporting periods beginning after December 15, 2019.

Reporting Periods Beginning After December 15, 2019 FY21	
Standard	Description
Statement 84 <i>Fiduciary Activities</i> Issued January 2017 Related Resource: Changes to Government Reporting of Fiduciary Activities	Delineates specific criteria for identifying activities that state and local governments, including those only engaged in business-type activities, should report as fiduciary activities and how governments should report fiduciary activities in general purpose external financial reports.

Implementation Guide 2019-2 <i>Fiduciary Activities</i> Issued June 2019	The implementation guide answers 50 questions regarding issues that are broken into the following broad categories: <ul style="list-style-type: none"> ▪ Identifying Fiduciary Activities ▪ Pension and OPEB Arrangements That Are Not Component Units ▪ Reporting Fiduciary Activities in Fiduciary Funds ▪ Statement of Fiduciary Net Position ▪ Statement of Changes in Fiduciary Net Position ▪ Reporting Fiduciary Component Units
Statement 90 <i>Majority Equity Interests</i> Issued August 2018 Related Resource: GASB Addresses Majority Equity Interests	Clarifies that a government that has a majority equity interest in an organization that remains legally separate after acquisition must report that interest as an investment if it meets GASB's investment definition and would be measured using the equity method. For a majority equity interest in a legally separate entity that does not meet the definition of an investment, Statement 90 requires a government to report the legally separate entity as a component unit.

Below are the GASB accounting standards and implementation guidance effective for reporting periods beginning after June 15, 2020.

Reporting Periods Beginning After June 15, 2020	
Standard	Description
Statement 93 <i>Replacement of Interbank Offered Rates</i> Issued March 2020 Related Resource: GASB Finalizes LIBOR Transition Relief	Provides relief in applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform. Paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020; paragraph 11b is effective for reporting periods ending after December 31, 2021; and paragraphs 13 and 14 are effective for fiscal year periods beginning after June 15, 2021, and all reporting periods thereafter.

<p>Implementation Guide 2019-1 <i>Implementation Guidance Update—2019</i> Issued April 2019 Related Resource: GASB Issues 2019 Implementation Guide</p>	<p>The guide addresses 14 questions on the following topics:</p> <ul style="list-style-type: none"> ▪ Postemployment Benefits – Plan and Employee Accounting and Reporting – Index rates and implicit rate subsidies ▪ Interest Rate Derivative Termination ▪ Nonexchange Transactions – Timing of recognition of natural disaster claims reimbursements ▪ Impairment of Capital Assets – Netting of insurance recoveries ▪ Intra-Entity Transfers of Assets and Future Revenues – Presentation and reclassification ▪ Fund Balance Reporting and Governmental Fund Type Definitions – Long-term portion of notes receivable recognition ▪ Tax Abatement Disclosures – Fees in lieu of taxes irrevocable ▪ Split-Interest Agreements – Timing of recognition of remainder interest benefit and recognition of fund liability
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Below is a GASB accounting standard effective for reporting periods beginning after December 15, 2020.

Reporting Periods Beginning After December 15, 2020	
Standard	Description
<p>Statement 89 <i>Accounting for Interest Cost Incurred before the End of a Construction Period</i> Issued June 2018 Related Resource: GASB Updates Interest Capitalization Rules</p>	<p>Interest cost incurred before the end of a construction period will be expensed rather than included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.</p>

GASB Mid-Year 2020 Update

Below are the GASB accounting standards and implementation guidance effective for reporting periods beginning after June 15, 2021.

Reporting Periods Beginning After June 15, 2021	
Standard	Description
Statement 87 <i>Leases</i> Issued June 2017 Related Resource: GASB 87: Leases	All leases will be comparable to the current guidance for capital leases. A lessee government will recognize a lease liability and intangible right-to-use lease asset at the lease term's beginning. Rent expense under current guidance will be replaced with interest and amortization expenses. Lessors will record a lease receivable and deferred inflow of resources at the lease term's beginning. The leased asset will not be derecognized.
Implementation Guide 2019-3 <i>Leases</i> Issued August 2019	The implementation guide answers 77 questions regarding issues that are broken into the following broad categories: <ul style="list-style-type: none"> • Scope and Identifying the Lease Term • Short-Term Leases • Recognition, Measurement and Disclosure • Incentives • Multiple Components • Modifications and Terminations • Subleases • Sale and Leasebacks • Intra-Entity and Related-Party Leases
Statement 92 <i>Omnibus 2020</i> Issued January 2020 Related Resource: GASB Issues Technical Corrections	GASB periodically updates its authoritative guidance for practice issues and technical inconsistencies identified during application and implementation of GASB statements. This release includes updates on leases and fiduciary activities.
Implementation Guide 2020-1 <i>Implementation Guidance Update—2020</i> Issued April 2020 Related Resource: GASB 2020 Implementation Guide Released	This edition primarily addresses questions on Statement 87, <i>Leases</i> , most notably lessor relief in calculating the discount rate. The guide contains an important scope clarification for pension/other post-employment benefits (OPEB) plan treatment under Statement 84, <i>Fiduciary Activities</i> , which will provide relief when evaluating certain component unit criteria for pension and OPEB arrangements. *Various effective dates

Reporting/Fiscal Periods Beginning After June 15, 2021	
Standard	Description
Statement 97 <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> Issued June 2020 Related Resource: GASB Updates Component Unit & Section 457 Plan Guidance	<p>Section 457 plans should be classified as either a pension plan or other employee benefit plan, depending on whether the plan meets the definition of a pension plan. Accounting and financial reporting requirements for 457 plans that meet the definition of a pension plan are defined and investment valuation requirements for all 457 plans are modified.</p> <p>Statement 97 limits the application of the financial burden criterion regarding contributions to postemployment benefit plans to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts. This will reduce costs of reporting of certain defined contribution pension plans as fiduciary component units. This supersedes previous guidance in Statement 84 and Implementation Guide 2019-2.</p> <p>The accounting and reporting changes are effective for fiscal years beginning after June 15, 2021. Changes to the component unit assessment are effective for reporting periods beginning after June 15, 2021.</p>

Below is a GASB accounting standard effective for reporting periods beginning after December 15, 2021.

Reporting Periods Beginning After December 15, 2021	
Standard	Description
Statement 91 <i>Conduit Debt Obligations</i> Issued May 2019 Related Resource: GASB Issues New Conduit Debt Rules	<p>Clarifies the existing definition of a conduit debt obligation, establishes a single method of reporting for issuers, and enhances note disclosures.</p>

Below is a GASB accounting standard effective for reporting periods beginning after June 15, 2022.

Reporting Periods Beginning After June 15, 2022	
Standard	Description
Statement 94 <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> Issued March 2020 Related Resource: GASB Updates Public-Private Partnership Accounting	<p>Supersedes Statement 60, <i>Accounting and Financial Reporting for Service Concession Arrangements</i> (SCA). Provides recognition and measurement guidance for SCAs and other public-private partnerships (PPP) that do not meet the lease definition.</p>

<p>Statement 96 <i>Subscription-Based Information Technology Arrangements</i> Issued May 2020 Related Resource: New GASB Rules for Cloud Computing Costs</p>	<p>Improvements to reduce diversity in current reporting; defining subscription-based information technology arrangements (SBITA) leveraging guidance in Statement 87, <i>Leases</i>.</p>
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Exposure Drafts Open for Comment or Deliberation

The following table includes proposed standards open for comment or deliberation. GASB will finalize the effective dates of the proposed standards after it considers proposal feedback. [Appendix B](#) summarizes the dates GASB expects to issue final standards and additional exposure drafts.

Topic & Title	Description	Status (Subject to Change)
<p>Exposure Draft Concept Statement: <i>Communication Methods in General Purpose External Financial Reports that Contain Basic Financial Statements: Notes to Financial Statements</i> Issued February 2020 Related Resource: GASB Refreshes Framework for Standard Setting</p>	<p>Concepts Statements do not establish authoritative guidance. This proposal is primarily intended to provide GASB with criteria to consistently evaluate notes to financial statements in the standards-setting process.</p>	<p>Public Hearings: July 2020 Final Concepts Statement: May 2021 Comment period ends June 20, 2020</p>
<p>Exposure Draft Concept Statement: <i>Recognition of Elements of Financial Statements</i> Approved June 2020</p>	<p>Establishes GASB's recognition criteria for if and when information should be reported in state and local governmental financial statements.</p>	<p>Public Hearings: March 2021 Final Concepts Statement: June 2022 Comment period ends February 26, 2021</p>
<p>Preliminary Views Revenue and Expense Recognition Issued June 2020 Related Resource: GASB Invites Comments on Revenue & Expense Classification & Recognition</p>	<p>Develop a comprehensive model for the recognition of revenues and expenses arising from nonexchange, exchange and exchange-like transactions, including exchange transactions not specifically addressed in the current literature.</p>	<p>Public Hearings: March 2021 Exposure Draft: June 2023 Public Hearings: November 2023 Final Statement: March 2025 Comment period ends February 26, 2021</p>

Current Projects

In addition to proposed accounting standards, GASB's technical plan includes major projects indicated in the table below.

Topic	Project Description	Schedule (Subject to Change)
Financial Reporting Model Added to agenda in September 2015 Related Resource: GASB Financial Reporting Model Improvements	Re-examines governmental funds' measurement focus and basis of accounting and financial statement preparation.	Exposure Draft: June 2020 Public Hearings: March 2021 Final Statement: June 2022 <i>Exposure draft was approved in June but as of July 23, 2020, has not been released.</i>
Compensated Absences Added to agenda in December 2018	The project will address the lack of guidance for certain types of leave, <i>e.g.</i> , paid time off, and compensatory time off and try to reduce inconsistent application of existing guidance.	Exposure Draft: February 2021 Final Statement: October 2021
Prior-Period Adjustments, Accounting Changes, & Error Corrections Added to agenda in December 2018	The project will fully re-examine the existing standards to address issues related to inconsistency in practice, confusion about and difficulty applying regarding the requirements, and the usefulness of the related disclosures.	Exposure Draft: March 2021 Final Statement: February 2022

Pre-Agenda Research

GASB is scheduled to perform pre-agenda research on these topics:

- Going Concern Disclosures—Reexamination of Statement 56:** Research will focus on whether existing GAAP standards provide issuers of state and local governmental financial statements with sufficient guidance about management's responsibilities for evaluating and disclosing uncertainties associated with severe financial stress. Added to the agenda in April 2015. Research and roundtables are planned to continue through February 2022 and results will be reviewed by GASB in November 2022.
- Capital Assets:** The project will review existing guidance on capital asset accounting and financial reporting and determine if guidance can be improved to increase comparability across governments and consistency over time, as well as improve decision making and assess government accountability and economic condition. Added to the agenda in August 2019. Research and roundtables are planned through February 2022. Results will be reviewed by GASB in November 2022.
- Interim Financial Reporting:** The research will evaluate the importance of financial reporting in conformity with GAAP for a period less than a year—monthly, quarterly, or semiannually—and assess the need for specific guidance related to such interim financial reports. Added to the agenda in August 2019. Results of ongoing research will be reviewed in March 2021.
- Investment Fees:** GASB staff will review the ways governments report the investment fees charged to and will include private equity funds, hedge funds, and real estate. Added to the agenda in August 2019. GASB staff will conduct surveys of users, preparers, and auditors and will review results in March 2021.

BKD continues to monitor the GASB standard-setting process. Visit our [BKD Thoughtware® page](#) on GASB issues to learn more. For more information on how these issues could affect your organization, contact your **BKD Trusted Advisor™**.

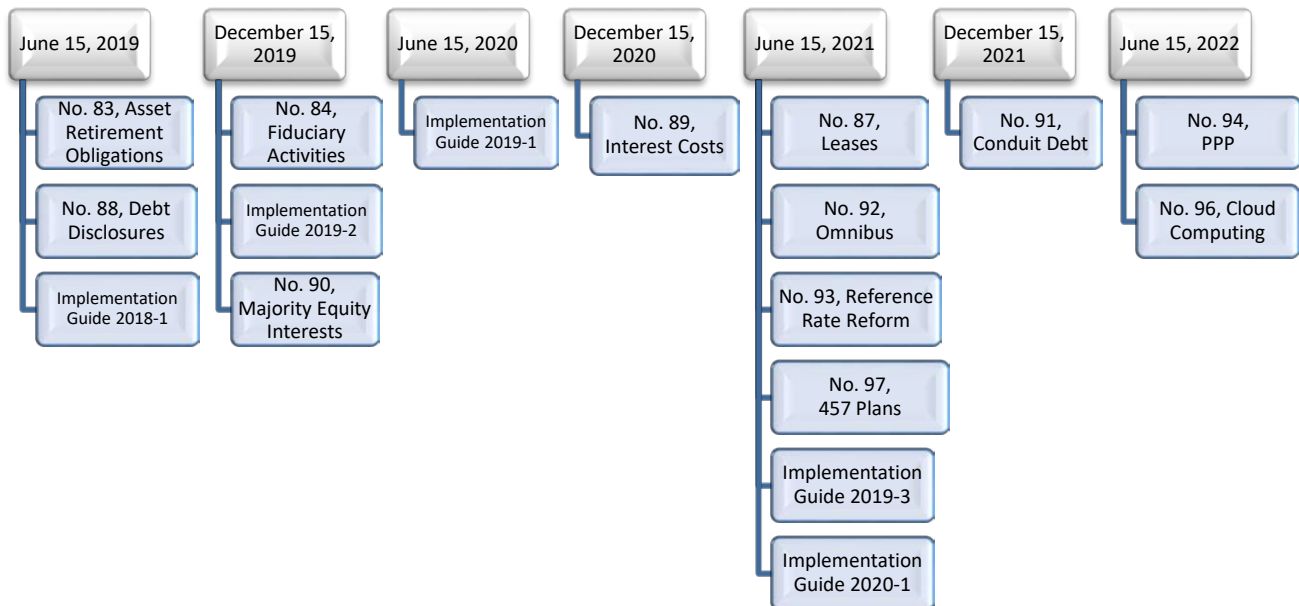
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Appendix A – Effective Dates for Final Standards

Early adoption is permitted or encouraged for the final standards below.

Reporting Periods Beginning After



Appendix B – GASB Project Plan Summary

