



Professional Standards Committee Highlights

NEW IMPLEMENTATION GUIDANCE ON LEASE ACCOUNTING



On August 15, 2019, the Governmental Accounting Standards Board (GASB) issued Implementation Guide No. 2019-3, which contains questions and answers on GASB Statement No. 87, *Leases*, which becomes effective for fiscal years beginning after December 15, 2019 (December 31, 2020, for December year-ends and June 30, 2021, for June year-ends).

GASB 87 requires all leases to be reported on the balance sheet, with certain limited exceptions. Previously, many government leases were permitted to be reported as operating leases, which resulted in those leases not being reported on the reporting government's balance sheet. Under this new single model, the lessee will recognize a lease liability and a corresponding intangible asset while the lessor will recognize a lease receivable and a deferred inflow of resources.

Implementation Guide No. 2019-3 answers many questions about how to apply the provisions of GASB 87, including:

- Scope and applicability;
- Determining the term of a lease;
- Determining if a lease qualifies for the short-term lease exception;
- Recognition, measurement, and disclosure by lessees;
- Recognition, measurement, and disclosure by lessors;

- Accounting for contracts with multiple components and contract combinations;
- Accounting for modifications and terminations of leases; and
- Sale-leasebacks, lease-leasebacks, and intra-entity leases.

The implementation guide is available on the GASB website, www.gasb.org.

If you have questions regarding this topic, contact Jason Al-Imam, Chair of the Professional Standards Committee at standards.chair@csmfo.org.

The Professional Standards Committee operates as a technical resource to CSMFO members. The Committee is comprised of municipal and commercial members whose mission is to keep members informed of emerging issues and best practices.
