

Bond Case Briefs

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GASB: On the Horizon.

Accounting for Leases

After completing the initial phase of project deliberations, the GASB is preparing to issue a Preliminary Views for its [Leases project](#) in November. A Preliminary Views is a document the GASB issues to gather public input on a topic prior to proposing new standards. This document will lay out the Board's initial thinking on how to improve the GASB's current accounting and financial reporting guidance on leasing.

The existing GASB guidance on lease accounting is based on Financial Accounting Standards Board's (FASB) guidance issued through 1989. The GASB routinely evaluates its standards to ensure that they continue to properly capture the transactions they address and to result in information needed to make decisions and assess accountability. Because the FASB has an active lease accounting project underway, it was an opportune time for the GASB to look at its existing lease accounting standards and leverage off of the FASB's efforts, while considering the government environment.

The GASB's forthcoming proposal is intended to provide essential information to financial statement users and to reduce complexity for preparers, thereby enhancing the overall effectiveness of the Board's guidance on leases.

The Preliminary Views document will address how leases are presented in the financial statements and the basic information that lessee and lessor governments should disclose in the notes. In addition, the due process document will address topics including:

- The definition of a lease
- Separating components of contracts that contain lease and service provisions
- Lessee accounting, including note disclosures
- Lessor accounting, including note disclosures
- Short-term leases
- Sale-leasebacks
- Intra-entity leases.

[View an article](#) on the Leases project from a previous issue of the GASB Outlook.

Fiduciary Responsibilities

The GASB is finalizing a Preliminary Views for its Fiduciary Responsibilities project. The document is expected to be issued in November.

The GASB is planning to propose guidance addressing when a government would have a fiduciary responsibility. Fiduciary responsibility generally relates to acting as a guardian or trustee of assets belonging to others. The Board's primary objective is to enhance the consistency and comparability of when and how governments report their fiduciary activities in audited financial reports. To meet

this objective, the document will:

- Define when a government has a fiduciary responsibility and, therefore, is required to present fiduciary fund financial statements
- Define the types of fiduciary funds
- Clarify financial reporting requirements for business-type activities that have fiduciary responsibilities
- Introduce the use of a financial statement that reports the inflows and outflows of resources for all fiduciary fund types.

[View an article](#) on the Fiduciary Activities project from a previous issue of the GASB Outlook.

Other Postemployment Benefits

In November, the GASB is scheduled to begin redeliberations on the [two Exposure Drafts issued in connection with the Other Postemployment Benefits \(OPEB\) project and the related Exposure Draft on pensions](#), in light of the public response to the proposals.

The GASB received written [comments](#) from 76 individuals and organizations in response to Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Thirty individuals and organizations [commented](#) on Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and 26 [commented](#) on the Exposure Draft addressing pension-related issues.

More than three dozen stakeholders provided the Board with additional input and feedback in a series of public hearings held in September in New York, Chicago, and San Francisco. The Board also reviewed results of field testing of the proposed OPEB standards at various state and local governments.

[View an article](#) on the OPEB project from a previous issue of the GASB Outlook.

External Investment Pools

The GASB recently commenced pre-agenda research on [external investment pools](#) that function, for governments, much like money market funds do in the private sector. The GASB will study what effects, if any, changes recently adopted by the Securities and Exchange Commission (SEC) will have on external investment pools operated by governments.

The research will provide the GASB with the information it needs to determine whether a project should be added to the current technical agenda to consider revising existing standards on external investment pools. Initial research will explore the degree to which government investment pools conform to or diverge from the current and new SEC rules.

The staff is scheduled to provide an educational memo with research findings to the Board before the end of 2014.