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GASB Establishes New Guidance for Interest Cost Incurred Before the End of a Construction Period.

Norwalk, CT, June 22, 2018 — The Governmental Accounting Standards Board (GASB) today released guidance establishing accounting requirements for interest cost incurred before the end of a construction period.

[Statement No. 89](#), *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period.

For financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset.

For financial statements prepared using the current financial resources measurement focus, interest incurred before the end of a construction period should continue to be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The full text of Statement 89 is available on the GASB website, www.gasb.org.