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WILLIAM E. GUNN
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MEMORANDUM

TO: SCEIS Agency Finance Directors

FROM: Statewide Financial Reporting

SUBJECT: GASB Statement No 87, Leases - Update

DATE: April 16, 2020

Due to the Covid-19 pandemic and the extraordinary burdens placed on state and local governments, the Governmental Accounting Standards Board (GASB) met on Tuesday April 14th to consider postponing all Statement and Implementation Guide provisions with an effective date that begins on or after reporting periods beginning after June 15, 2018. The GASB received numerous requests from state and local government officials and public accounting firms regarding postponing the upcoming effective dates of pronouncements; most notably *Statement No. 84-Fiduciary Activities* and *Statement No. 87-Leases*, as well as their related Implementation Guides. The Board voted unanimously to delay the implementations of these GASBs for one year. The attached Exposure draft was issued shortly after. This will be finalized with a vote by the Board early next month. We will notify the agencies if the GASB modifies their decision.

The effective date for GASB 87, lease implementation will now be July 1, 2021 for fiscal year (FY) 2022. Current accounting guidelines for operating and capital lease will remain until June 30, 2021. All short-term, long-term and contingent rentals will continue to be paid as they are today throughout FY 2021.

General Ledger Accounting Practices for FY 2021:

- Assets will NOT be created for current operating leases.
- Payments will NOT be paid to principal and interest general ledger accounts.
- Presidio Leases will continue to be reported as capital leases. Beginning July 1, 2020 these will need to be posted to more detailed GL accounts for state IT tracking.

Capital Lease Other Equipment and Machinery (Postage/Mail Equipment)

5041820000 Lease Other - Principal
5041830000 Lease Other – Interest

Capital Lease IT Tracking - Copiers

5041867020 Lease IT Copiers - Principal
5041867030 Lease IT Copiers - Interest

Capital Lease IT Tracking - Data Processing/Computers

5041867050 Lease Data Processing Equip - Principal
5041867060 Lease Data Processing Equip - Interest

Preparation During FY 2021:

- Agencies must continue to gather and maintain the lease master data for all leases; capital and operating. The Comptroller General’s Office (CG) will continue to work with all Agencies throughout the fall to ensure perfect compliance for GASB 87-Leases for FY2022.
- Agencies must continue to identify and educate all levels of appropriate staff regarding requirements of GASB 87-Leases. The CG will provide enhancement training, but it is the responsibility of the Agency to properly understand, train and implement GASB 87-Leases.

For questions, or web access problems, please contact the financial reporting staff by email at CAFR@cg.sc.gov.
