

GASB 87 FAQ

What is GASB 87?

- ❑ GASB 87 is a reference to guidance issued by the Government Accounting Standards Board (GASB). GASB is a non-governmental organization that creates accounting reporting standards for state and local governments. GASB 87 is a recent issuance which addresses the financial reporting of leases. The statement requires the recognition of the future lease revenues and liabilities.

Lessee: Recognize a lease liability and an intangible “right-to-use” asset.

Lessor: Recognize a lease receivable and a deferred inflow of resources.

Link to GASB 87 Statement Summary

(https://www.gasb.org/jsp/GASB/Pronouncement_C/GASBSummaryPage&cid=1176169177502)

When does GASB 87 go into effect?

- ❑ Required for FY22 financial reporting (Fiscal year starting July 1, 2021)
- ❑ UW Madison financials require a two-year review and therefore FY21 will be required to be restated under the terms of this guidance.

What documents and support do I need to obtain?

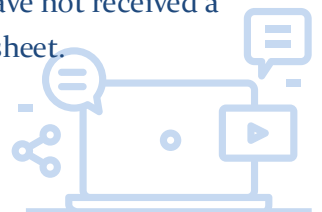
- ❑ Each department will receive an Excel document with the summary details of each contract which are to be listed.
- ❑ The list has tabs to support the details of contracts in which your department is the lessor or lessee. Both types of contracts will require review and data support.
- ❑ Copies of the full contract details will need to be obtained by the department. Details will be sent later with information on where to submit the contract copies.

Should internal agreements between UW Madison departments be included?

- ❑ Internal agreements between UW Madison departments are exempt from this data request.
- ❑ Agreements between UW Madison institutions and Wisconsin State departments should be included in your review

Is Space Management gathering building lease data or do these need to be included in the dept/division level data?

- ❑ Space Management has completed a review of associated building lease data and submitted support of these details to applicable departments. If you are aware of building leases and have not received a notice from Space Management, please add these details to your tracking spreadsheet.



Do we need to include leases for copiers and items purchased under master contracts?

- ☐ Yes, all known leases should be reviewed and included on your Excel spreadsheet

Does GASB87 included leases for access to databases?

- ☐ GASB87 guidance applies to nonfinancial assets including buildings, land, vehicles, and equipment. Cloud database storage contracts are exempt from this reporting requirement; however, we do anticipate future guidance for cloud storage similar to GASB 87.

Are there materiality thresholds to consider when completing the review.

- ☐ UW Madison details will be consolidated with other UW System institutions to define thresholds for future financial reporting. Until UW System can understand the full population for all institutions, UW Madison is tasked with understanding all leases regardless of monetary value.

Will new financial account codes be created?

- ☐ It is anticipated that new account codes will be created to assist with annual tracking and reconciliation. Further account code considerations will be determined after the full population of leases is known.

Are there specific account codes that should be reviewed for compliance?

- ☐ The Excel spreadsheet supplied has included several revenue and expense accounts recommended for review. Understanding the complexity of contracts on campus, we anticipate that many applicable contract postings may be found outside of standards. The department is requested to also make inquiries of known contracts throughout the department.

If my contract is for a year, but continues to be renewed should I list on the tracker

- ☐ Contracts for less than 1 year are exempt from this reporting. However, if the contract includes an extension it does need to comply with GASB87. If there are any questions relative to the inclusion of a contract it is best to include the details on the Excel spreadsheet for further review.

What is the deadline for submission of lease information?

- ☐ Departments are to submit the details of their existing lease agreements (both lessor and lessee) by February 15, 2021.