

Implementing GASB 87 – Leases

Effective FY2022

OVERVIEW

Governmental Accounting Standards Board Statement 87 Leases (GASB 87) establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset. GASB 87 applies to leases of capital assets—including buildings, land, and equipment.

LEASES WILL BE RECORDED IN THE FACILITIES PORTFOLIO MANAGEMENT TOOL

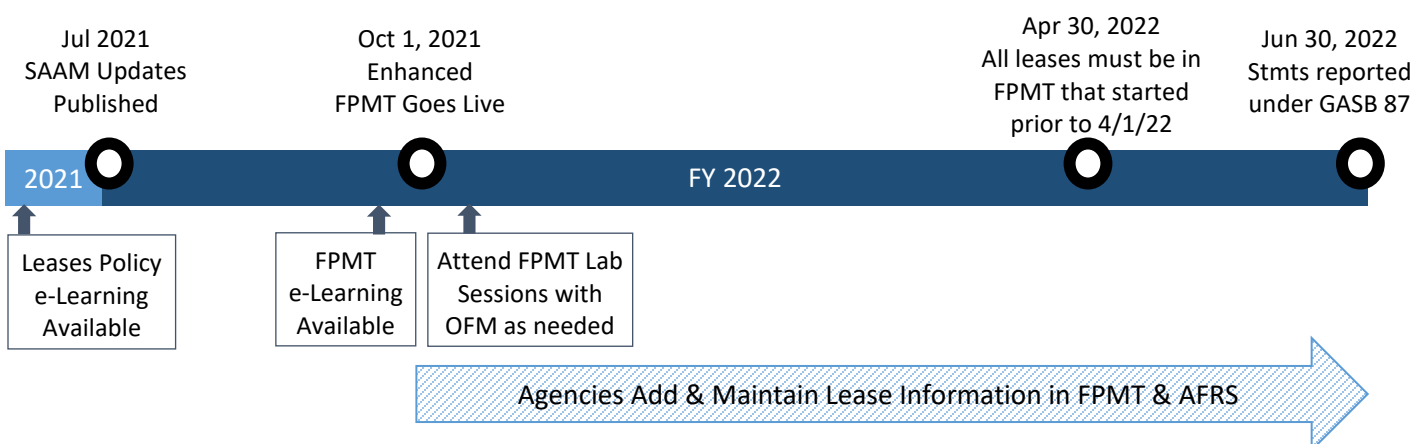
Agencies currently record all leased and owned facilities in the Facilities Portfolio Management Tool (FPMT). Beginning in October 2021, agencies must verify the information previously entered in FPMT and record any additional leases within the scope of GASB 87 that exceed the capitalization threshold (\$500,000 in total lease payments over the lease term) as well.

We are modifying FPMT so that agencies can comply with GASB 87 and send accounting transactions to AFRS. Additional information is available on the [OFM Leases Accounting Resource Page](#).

Current FPMT	October 1, 2021 Added FPMT Functionality
<ul style="list-style-type: none"> ✓ Track state-owned and leased facilities. ✓ Track receivable leases for facilities when another agency is the lessee. ✓ Used by all state agencies. ✓ Contains 85% of data needed for GASB 87 for about 1,000 facilities leases. ✓ Facilities wizards 	<ul style="list-style-type: none"> ✓ Track owned and leased land, leases of other assets such as equipment, and software subscriptions. ✓ Track receivable leases (state is lessor) for facilities, land, and other assets when state is not lessee. ✓ Send lease accounting transactions to AFRS, including lease payments. ✓ Produce reports for reconciliation to AFRS, recording entries manually, and financial statement disclosures. ✓ Adding accounting and facilities roles. ✓ Updated facilities wizards and new accounting wizard.

Note: Agencies will continue to be required to track all state owned and leased facilities in FPMT, regardless of whether they meet the state’s capitalization threshold (RCW [43.82.150](#)).

TIMELINE



There is a detailed checklist for agencies based on this timeline on the next page.



CHECKLIST

APR 21

- ✓ Complete the Leases Accounting & Administrative Policy e-Learning.
- ✓ Review facilities leases that are in FPMT (use the [facilities inventory](#) and/or coordinate a review with your agency facility staff who currently use FPMT).
- ✓ Create an inventory of other existing leases and contracts.
- ✓ Determine which agreements meet the GASB 87 definition of a lease and which agreements can be excluded.
- ✓ Document key provisions of each lease agreement.

JUN 21

- ✓ Define new process workflows for lease payments.
- ✓ Review the new SAAM policies and procedures, effective Jul 1, 2021.
- ✓ Determine who should have access to FPMT in the future & have them attend the policy e-Learning.
- ✓ Determine the types of FPMT access needed to input FPMT facility and/or accounting data.
- ✓ Determine who will be allowed to edit/release FPMT batches in AFRS (batch type QF) and update AFRS security, if needed.
- ✓ Review and update the master indexes used for lease payments (master index is the only accounting coding that will be entered in FPMT).

SEP 21

- ✓ Complete the FPMT e-Learning (Sep).
- ✓ Request access to FPMT (enhancements go live Oct 1, 2021).
- ✓ Attend OFM FPMT Lab Sessions to ask questions and get personalized help, as needed.
- ✓ Update new fields in FPMT for existing facilities leases.
- ✓ Add land, equipment, and receivable leases to FPMT.
- ✓ Review and release FPMT batches in AFRS (batch type QF).

MAR 22

- ✓ By Apr 30, 2022, record all applicable leases with a lease start date prior to April 1, 2022, in FPMT.
- ✓ Assist OFM as they record beginning balance entries and review the data.
- ✓ Continue to update FPMT as leases are entered into or are renewed.
- ✓ Begin inventory of subscription-based information technology arrangements (SBITAs) under GASB 96, which is effective for FY 2023.

JUN 22

- ✓ Enter all journal vouchers for leases by June close (7/15/22), if recording entries manually.
- ✓ Reconcile FPMT and AFRS; make adjustments as needed.
- ✓ Complete Leases Disclosure Form.