

GASB 87

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What is GASB 87?

- *Effective for **fiscal year 2022**, the Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset.*
- *Complex statement that will reclassify “operating” leases and bring leases to the balance sheet.*
- *State Lease Software – **LeaseController** (Deloitte)*

GASB 87 Leases

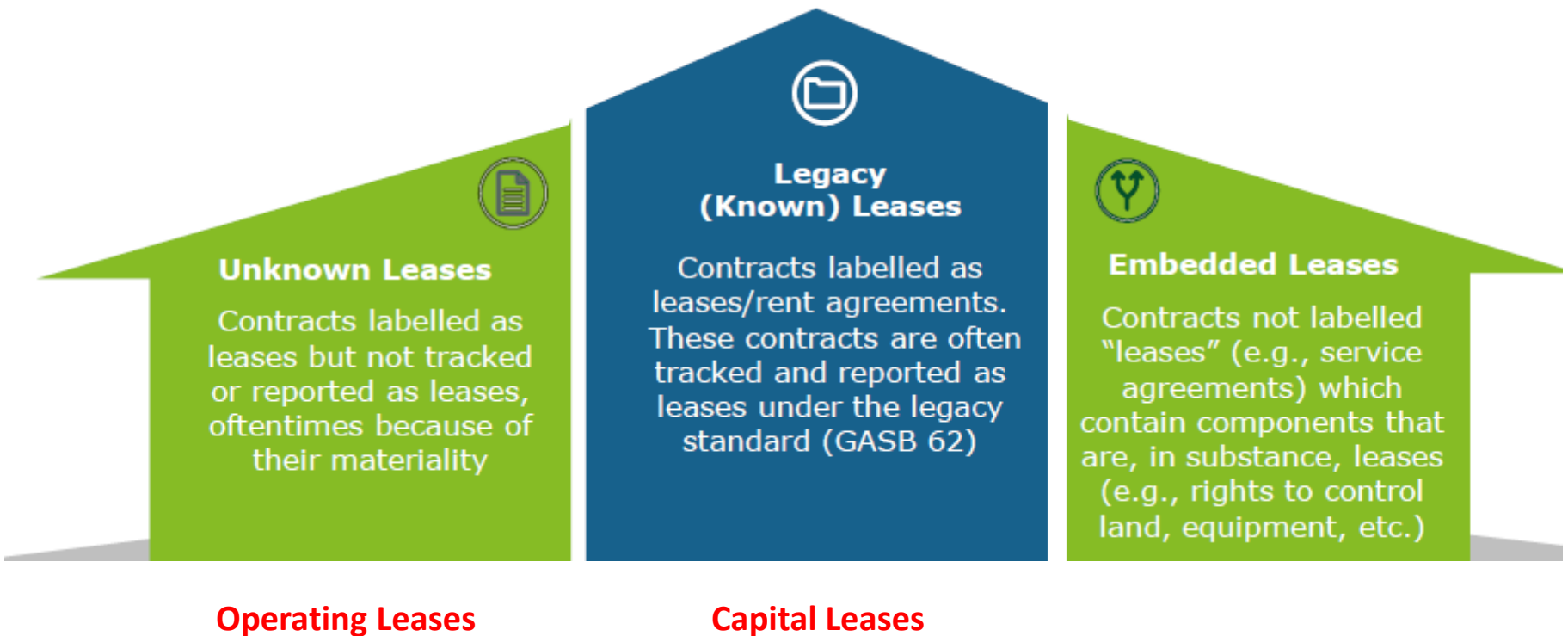
***Lease** – a contract that conveys control of the right to use another entity’s asset as specified in a contract for a period of time in an exchange or exchange-like transaction. (buildings, land, vehicles, equipment)*

LSU is both a Lessor and Lessee

GASB 87 Lease Exceptions

- *Short term leases – lease not exceeding 12 months*
- *Licensing agreements or contracts for items such as motion pictures, software*
- *Contracts that transfer ownership*
- *Service concession arrangements*
- *Supply contracts*
- *Lease of inventories*
- *Lease of investments*
- *Lease of right to explore for natural resources (gas, oil) or biological assets (timber, plants, animals)*
- *Non-exchange transactions (\$1 land lease agreements)*

GASB 87 Leases



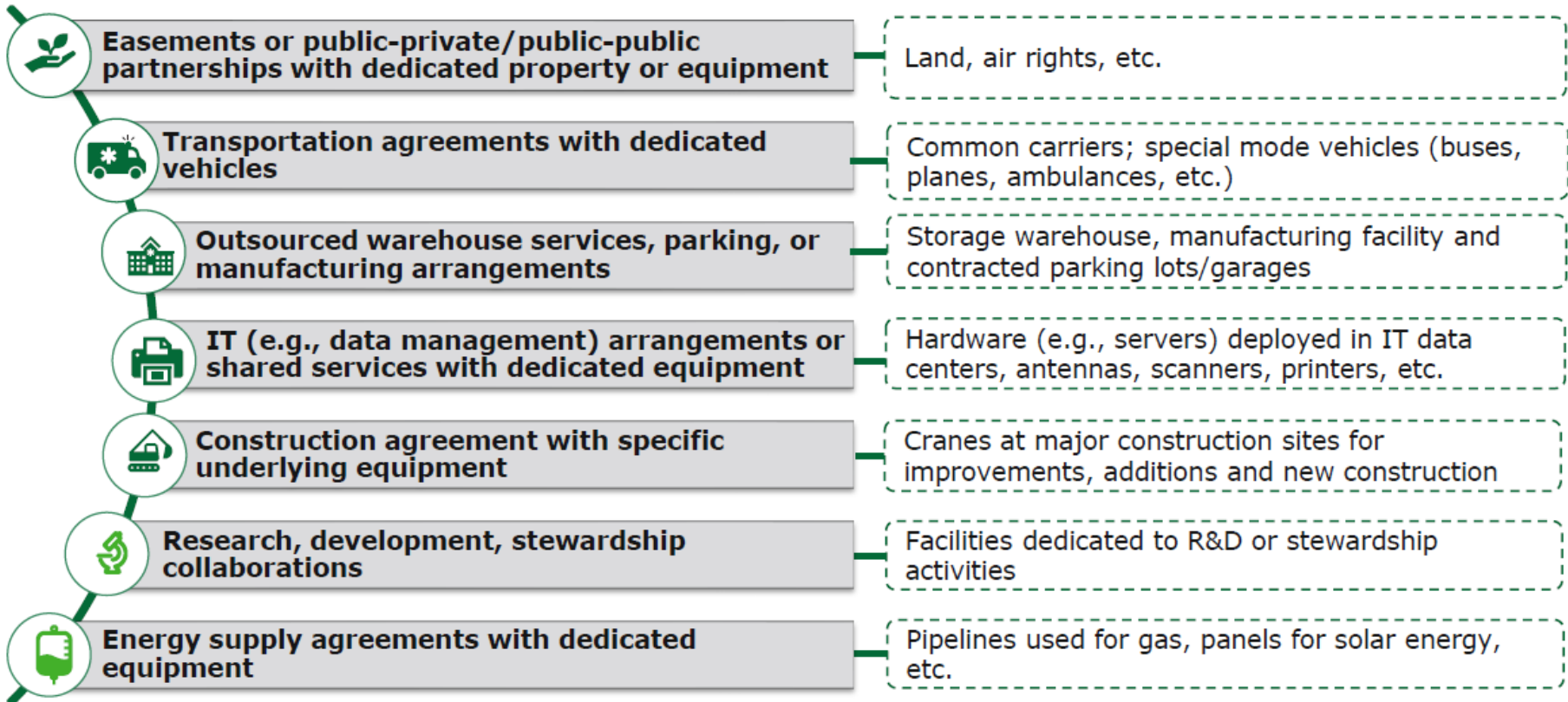
GASB 87 Impact to Departments?

- ***No Direct Impact***
 - *Continue to work with Procurement to negotiate lease transactions*
 - *Record Lease Revenues or Expenses*
- ***Survey to Identify Leases***
 - *Inventory of departmental leases*
 - *Embedded leases** - lease components that reside in contracts not specifically labeled as “lease” or “rental” agreements*

Potential Embedded Leases

TYPES OF ARRANGEMENTS

TYPES OF UNDERLYING ASSETS



- Note that this is not intended to be an exhaustive list, but merely aid in your consideration

GASB 87 Contacts

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