



# North Carolina Office of the State Controller

## Financial Reporting Update

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### **GASB 92 Effective for Fiscal Years 2020 (paragraphs 4-5, 11, & 13) and 2021 (paragraphs 6-10, & 12)**

**May 8, 2020**

In January 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 92, *Omnibus 2020* (GASB 92). GASB 92 addresses practice issues that have been identified during implementation and application of certain GASB Statements. It establishes accounting and financial reporting requirements for specific issues related to: leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The changes required by GASB 92 should be applied retrospectively, unless otherwise noted in this Financial Reporting Update; however, GASB 92 does not apply to immaterial items.

GASB Statement No. 87, *Leases*, (GASB 87) and Implementation Guide No. 2019-3, were effective for “reporting periods beginning after December 15, 2019.” GASB 92, paragraphs 4 and 5, revised the effective dates to “fiscal years beginning after December 15, 2019 and all reporting periods thereafter.” This change prevents entities that issue interim financial reports from implementing GASB 87 earlier than entities that issue annual financial reports. GASB Exposure Draft, *Postponement of the Effective Dates of Certain Authoritative Guidance*, proposes an amendment to the effective dates of GASB 87, Implementation Guide 2019-3, and paragraphs 4 and 5 of GASB 92 to “fiscal years beginning after December 15, 2020 and all reporting periods thereafter.” **GASB 92, paragraphs 4 and 5, is effective in fiscal year 2020.**

GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67), No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), provide conflicting guidance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* (GASB 48) when capital or financial assets are transferred between a governmental employer or nonemployer contributing entity and a defined benefit pension plan or a defined benefit other postemployment benefit (OPEB) plan that are within the same financial reporting entity. When this occurs, any difference between the amount paid by the pension or OPEB plan and the carrying value of the assets transferred should be reported as employer or nonemployer contributing entity contributions, as applicable, consistent with GASB 67, 68, 74, and 75. **These changes are effective in fiscal year 2021.**

GASB 92, paragraph 7, clarifies the applicability of the control criteria issued in GASB Statement No. 84, *Fiduciary Activities* (GASB 84), for defined benefit pension or OPEB plans that are not administered through trusts that meet certain criteria in GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68* (GASB 73), or GASB 74, respectively. The assets accumulated for these plans should be reported in a custodial fund, if reported as a fiduciary activity, regardless of whether a government has control over the accumulated assets. **This amendment is effective in fiscal year 2021.**



GASB 92, paragraph 8, removes the liability recognition provisions in GASB 73 and GASB 74 for governments that report a fiduciary activity for assets that are accumulated for pension or OPEB purposes through defined benefit pension or OPEB plans that are not administered through trusts. These plans should recognize liabilities to the beneficiary in accordance with GASB 84, paragraph 21. **This requirement is effective in fiscal year 2021.**

GASB 92, paragraph 9, clarifies the reporting requirements for defined contribution pension and OPEB plans. If these defined contribution plans are reported as a fiduciary activity, the plans should apply the financial statement presentation requirements in GASB 84, paragraphs 20, 21, 23, and 24. **These requirements are effective in fiscal year 2021.**

When a government acquires another entity, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB 69), requires the acquired entity's assets and liabilities to be measured at acquisition value. GASB 69 provided exceptions for measuring an acquired entity's pollution remediation obligations and municipal solid waste landfill closure and post-closure costs. The same exception was not granted to asset retirement obligations (AROs) when GASB Statement 83, *Certain Asset Retirement Obligations* (GASB 83), was issued. GASB 92, paragraph 10, provides an exception for AROs requiring an acquired entity's AROs to be measured in accordance with GASB 83 and not GASB 69. **This is effective in fiscal year 2021 and should be applied prospectively.**

GASB 92, paragraph 11, clarifies that when accounting for risk financing and insurance-related activities of public entity risk pools, amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. GASB 92, clarifies that netting is an option but is not required. **This is effective for fiscal year 2020.**

GASB 92, paragraph 12, corrects a paragraph reference in GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72, paragraph 81, provides an example of nonrecurring fair value measurements of assets or liabilities that other Statements require or permit in the statement of net position in particular circumstances is presented in paragraph 455 of Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). GASB 72 incorrectly referenced paragraph 453 of GASB 62. **This correction is effective in fiscal year 2021.**

The terms "derivative" and "derivatives" in National Council on Governmental Accounting and GASB pronouncements should be replaced with "derivative instrument" and "derivative instruments," respectively. **GASB 92, paragraph 13, is effective in fiscal year 2020.**

To gain additional understanding of GASB 92, please refer to the following resource:

- The GASB webpage from which you can access a PDF file of GASB 92 as well as other GASB pronouncements – [GASB Pronouncements](#)

Thank you for your time and attention to this important change. Questions regarding this specific update should be directed to Joy Darden at (919) 707-0520 or [joy.darden@osc.nc.gov](mailto:joy.darden@osc.nc.gov).