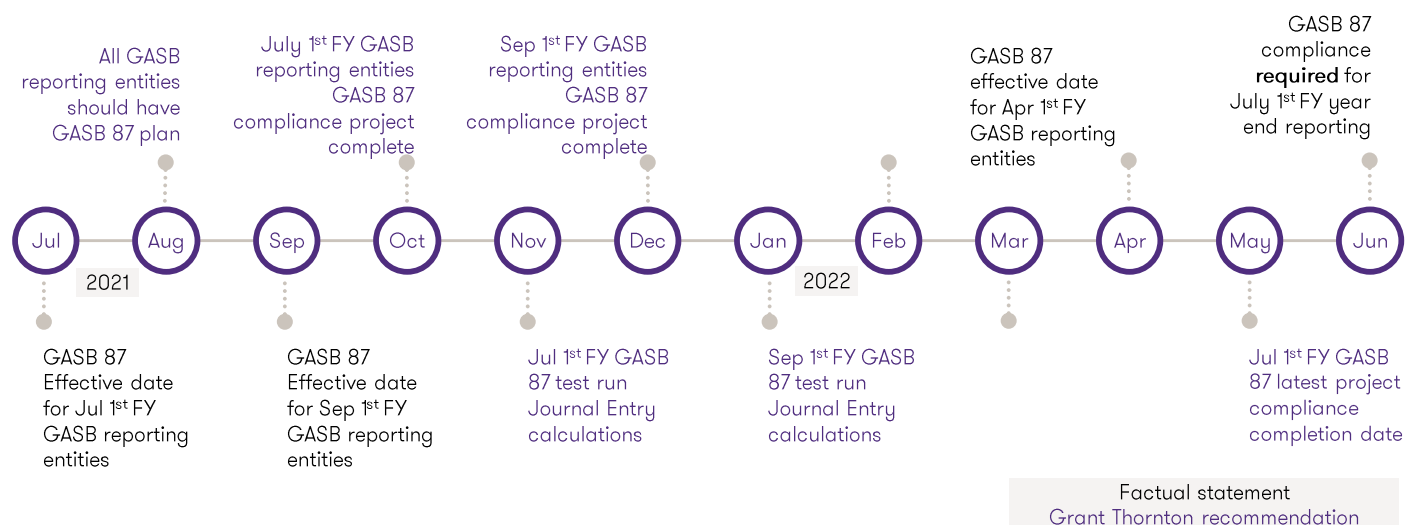


# GASB 87 compliance timeline



## Effective date vs. compliance date

Due to the COVID-19 pandemic, GASB postponed the effective date of GASB 87 by 18 months. This changed the effective date from reporting periods beginning after December 15, 2019 to June 15, 2021. The GASB reporting entity needs to incorporate the standard for their entire reporting period beginning after June 15, 2021, but compliance can be achieved after the effective date if the calculations run at year end include the entire reporting period.

For example, if a local government has a July 1st fiscal year beginning, then they need to be compliant by fiscal year end, June 30th 2022, to ensure they can make the necessary calculations and journal entries prior to closing their books

Balance Sheet Date:	First Annual Reporting Period:
June 30 <sup>th</sup> 2021	July 1 <sup>st</sup> 2021 – June 30 <sup>th</sup> 2022
September 30 <sup>th</sup> 2021	October 1 <sup>st</sup> 2021 – September 30 <sup>th</sup> 2022
December 31 <sup>st</sup> 2021	January 1 <sup>st</sup> 2022 – December 31 <sup>st</sup> 2022
March 31 <sup>st</sup> 2022	April 1 <sup>st</sup> 2022 – March 31 <sup>st</sup> 2023

## Timeline to compliance

The time it takes to become compliant may be significantly increased based on the following factors:

### Volume of leases

Two of the most time-consuming steps in becoming compliant are locating the lease documents and extracting the lease data, the duration of both steps is highly dependent of the number of leases an GASB reporting entity has. While the timeline for extraction can be mitigated by having a larger number of extractors, that line of approach can increase the risk of inconsistent or inaccurate data within the extracted data.

### Software vendor's implementation availability

The software vendor's ability to implement their software for each organization is limited and can drag out timelines significantly. During the public company adoption, we saw significant delays, some up to 6 months before companies could begin implementation. There are about 30,000 entities that need to be compliant with GASB 87 and the software vendor's who have GASB 87 modules also have ASC 842 modules and will be implementing both over the next year.

### Knowledge of team managing compliance project

Finally, it is easy for these implementation projects to go off track with out the right team members involved, who have knowledge of the standard. Ensuring that there are team members who have experience implementing the standard will reduce the time it takes to become compliant.

An experienced team will be able to spot and avoid common pitfalls and facilitate communication and collaboration with auditors. A knowledgeable team will be able to navigate complicated areas of the guidance and how it applies to your lease population. Teaming with an experienced GASB 87 partner will reduce the time to compliance and reduce the risk surrounding compliance.

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