

GASB Pronouncements for Fiscal Year 2019 Implementation:

Statement 83-Certain Asset Retirement Obligations:

GASB 83 requires the recognition of Asset Retirement Obligations (AROs) when liabilities are incurred and reasonably estimable.

- AROs – result from the *normal operations* of tangible capital assets and include *legally enforceable* liabilities. Certain laws/regulations require state/local governments to take specific actions to retire certain tangible assets, such as:
 - Decommissioning of nuclear reactors, removal of sewage treatment plants, removal/disposal of medical x-ray machines.
 - Legally enforceable through laws, regulations, contracts, court judgments.
- Financial Reporting reached out to State agencies to determine potential AROs:
 - Questionnaires sent to relevant agencies with respondents providing feedback; followed-up with conference calls to discuss further.
 - **To date, no material AROs have been identified.**

Statement 88-Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements:

GASB 88 establishes additional financial statement note disclosures related to debt obligations, including direct borrowings (loans) and direct placements (direct to investor-not public offerings).

- Met with OBM Debt Section to discuss requirements – State does not issue debt through direct borrowings or direct placements.
 - **No impact to note disclosures identified.**

Fiscal Year 2020 Reporting Considerations:

- **Statement 84—Fiduciary Activities** – establishes criteria for identifying and categorizing fiduciary activities for reporting purposes.
 - Focus is on Control – a government controls the assets of an activity if the government:
 - Holds the assets, or
 - has the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended recipients.
- OBM is currently in communication with the Treasurer of State’s Office regarding fiduciary activities currently reported and their relationship to GASB 84 criteria. GASB 84 will require fiduciary financial statement restructure. **Impact to the FY2020 financial statements is not yet determinable.**