

# Leases

The Governmental Accounting Standards Board (GASB) issued a standard that will improve the accounting and financial reporting for Leases. The objective of this standard is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

## Information Available on the GASB Website:

[Statement 87](#)

[GASB Exposure Draft—Implementation Guide—Leases](#)

## Accounting and Reporting Impact

This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

This standard will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

This standard also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

For Georgia, these changes are effective for financial statements in fiscal year 2021.