

Best Practices for Ongoing GASB 87 & GASB 96 Compliance

Now that you have implemented GASB 87 and GASB 96, what can you expect in the following years? While the initial lift has been completed, there are still some important factors to consider for your organization's ongoing lease and subscription compliance.

Developing a strategy to comply with GASB 87 and GASB 96 can be complex, yet it's important to have a robust compliance framework established each year going forward.

Here are some best practices and questions to consider when it comes to establishing ongoing compliance with GASB 87 and GASB 96.



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1

Manage New Contracts

Organizations routinely initiate various lease and subscription agreements. It's critical to consistently examine each contract's alignment with its respective GASB standard.

- ☐ Does your organization have a centralized location to keep track of new agreements?
- ☐ Do you have an established framework for determining if a new agreement falls under a GASB standard?
- ☐ How can you ensure other departments in the organization are tracking new agreements they may enter into?
- ☐ Have you evaluated the materiality of new agreements against the threshold of your organization?

2

Evaluate Amended Agreements

There are several events that can occur throughout the life of a lease or subscription that can affect its classification and subsequent reporting requirements.

- ☐ Has your entity properly reported the gain/loss on termination for any agreements that have been terminated?
- ☐ Have there been any allocation changes to existing leases or subscriptions?
- ☐ Do you have a method to track the remeasurement of existing agreements, ensuring accurate historical payments and updated schedules?

3

Conduct Regular Internal Audits and Reviews

Conduct regular audits and reviews of lease and software accounting practices to ensure compliance with GASB 87 and GASB 96. This can help identify any areas of non-compliance or potential improvements in your accounting processes.

- ☐ Have you communicated with all relevant departments to ensure you have your full population of agreements?
- ☐ Does your organization regularly track payment variances to ensure accurate year-end reconciliation?
- ☐ Can internal and external team members access data and reports as needed?

4

Prepare for Year-End Reporting

When the time comes to compile year-end materials, there are a few practices to keep in mind to ensure smooth audit preparations for you and your team.

- ☐ Is your team familiar with any updated guidance from GASB regarding lease or software accounting?
- ☐ Have you accounted for all new and amended agreements across your organization for the fiscal year?
- ☐ Does your organization have an established system of record to track and easily access yearly reports?
- ☐ How will you keep all stakeholders, including management, the board, and external parties, informed about your organization's approach to lease accounting and any significant impacts on the financial statements?
- ☐ How can your team create a process to ensure accuracy year-to-year?

5

Consider Automation and Software

Lease and Subscription accounting software, like Monetary, offers a platform designed to streamline the management of lease data, simplifying compliance with GASB 87 and GASB 96 through a host of features and benefits, such as:

- Centralized data management
- Error reduction
- Organizational transparency
- Automated reporting
- Secure and cloud-based document storage
- Efficient communication with auditors
- Succession planning

Why Monetary

**Cloud-based
platform**

**2,100+
public
finance
customers**

**Single
sign-on
functionality**

**SOC 2
compliance
(type 1 and 2)**

**Reach out today to streamline your lease
& subscription management workflows.**

**monetaryhq.com
hello@monetaryhq.com**