Leases

I am Denise Juvenal this is pleasure to have the opportunity to comment on this consultation, about Leases of the Governmental Accounting Standards Board - GASB, this is my individual commentary. I agree with this proposal and this is a great project.

The objective of the Leases project is to reexamine issues associated with accounting and financial reporting for leases and consider improvements to existing guidance. Specifically, the project seeks to answer the following questions:

a. Are current accounting and financial reporting standards, including the distinction between types of leases, appropriate to meet essential user needs for decision-useful or accountability information regarding governmental leases?

   I agree that the current accounting and financial reporting standards are appropriate to meet essential user needs for decision-useful or accountability information regarding governmental leases.

b. If current standards are not considered adequate, what other requirements should be considered?

   None.

I described some points as follows:

   In relation these points Objective and Background In the point 11; page 3 and Applicability and Scope in the point 8; page 5; I suggest for the Board that
observes the contracts for leasing in the public sector, if applicable, because the government has some activities that can used leasing in the services by governmental programs. I do not know, if has impact of the cost for the public sector. I agree with this proposal.

I agree with the proposal described about The Lease Term: in the point 4 ; page 9 ; Lessee Accounting: in the point 3; page 12; Lessor Accounting: in the point 18; page 22; Short-Term Lease Exception: in the point 10; page 24 - Lease Terminations and Modifications: in the point 7; page 26; Subleases and Leaseback Transactions: in the point 9; page 29; Leases with Related Parties and Intra-Entity Leases: in the point 3; page 31, so I understand that these points have similar question that I understand need to improve for the public sector in relation the method for valuation for costs for contracts by governmental programs, I do not if is possible.

Although, I suggest for the Board´s if agrees, that observe the question in relation the function of leasing in relation intangible assets, I cited about this, because the fiscal laws, that can impact the financial reporting for leasing standards, for example, Ryan et al¹, page 292 described that: “The recent development of the synthetic lease provides another example of leasing behavior affected by accounting rules. Synthetic leases take advantage of differences in the criteria for capital leases under SFAS No. 13 and IRS rules to produce operating lease treatment for financial statement purposes and capital lease treatment for tax purposes. … and in the page 297 “Consistent fair-value accounting requires immediate recognition of gains and losses when remeasuring the lease assets and liabilities associated with each aspect of the lease contract.” I do not know if applicable, so, I suggest that Board´s consults International Regulators for this point. I agree with this proposal.

Thank you for opportunity for comments this proposal, if you have questions do not hesitate contact to me, rio1042370@terra.com.br.

Best Regards,

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¹ Stephen G. Ryan (Chair); Robert H. Herz; Teresa E. Iannaecon; Laureen A. Maines; Krishna G. Palepu; Katherine Schipper; Catherine M. Schrand; Douglas J. Skinner; Linda Vincent Evaluation of the Lease Accounting Proposed in G4+1 Special Report 2001 American Accounting Association Accounting Horizons Vol. 15 No. 3 September 2001 pp. 289–293