



COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218
(804) 225-3350

April 4, 2019

Director of Research and Technical Activities
Project No. 3-24
director@gasb.org

To Whom It May Concern:

We appreciate the opportunity to respond to the exposure draft of a Proposed Implementation Guide of the Governmental Accounting Standards Board (the Board) on *Leases*. In general, we agree with the Board's guidance. However, we have two comments for consideration.

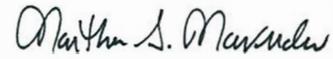
When reading Question 4.44, we found the answer to be confusing in addressing the required presentation of lease assets as it pertains to the disclosure of changes in capital assets. The question asks whether lease assets should be included "with other capital assets" in the disclosure of changes in capital assets. The answer states that lease assets should be included within the disclosure, then proceeds to state that lease assets should be "disclosed separately from other capital assets." Please clarify if the lease assets are to be included in the schedule of changes in capital assets as separate line items by major classes of capital assets or in their own schedule of changes by major classes of capital assets. Another option is to modify the question, removing the phrase "with other capital assets," which would make the response as it currently reads less confusing.

When reading Question 4.48, we noted a "non-governmental" entity was specifically referenced, which led us to question if the answer would differ if the state pension fund conveyed the right to use the building to a "governmental" entity. If the answer would be the same, we suggest changing the wording to reflect "entity," as opposed to referencing governmental/non-governmental. If the answer is different based on type of entity, we suggest ensuring the answer adequately addresses the differences between conveying the right to use an asset classified as an investment to a non-governmental entity versus a governmental entity.

Director of Research and Technical Activities
April 4, 2019
Page Two

We appreciate the efforts of the Board and the opportunity to provide our comments. Should you have any questions or need additional information concerning our response, please contact LaToya Jordan or me at (804) 225-3350.

Sincerely,

A handwritten signature in cursive script that reads "Martha S. Mavredes".

Martha S. Mavredes
Auditor of Public Accounts