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April 12, 2019

Mr. David Bean  
Director of Research and Technical Activities  
Governmental Accounting Standards Board  
Project No. 3-24  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the Office of the New York State Comptroller, we are pleased to respond to the Exposure Draft (ED) of the Proposed Implementation Guide of the Governmental Accounting Standards Board *on Leases*.

We offer our comments or clarifying questions on the answers provided in the Question and Answer in the ED:

- Q 4.1 – The response states that government’s lease of land for \$1 does not meet the description of an exchange or exchange-like transaction, but what if the State Police rent office space for \$1 from a local government with either a specified or implied expectation that in exchange, the State Police will provide public safety/police coverage in that locality (locality does not have its own police force to provide such coverage)? Would this be an exchange-like transaction?
- Q 4.15 – The response explains that when a lease is being renegotiated and is in a holdover period, the month-to-month holdover period is excluded from the lease term. Following through with the response, in practice, we have seen instances when the start date of the renegotiated lease (“renewal”) contract is backdated to right after the prior lease ended (instead of a current date). In some cases, the renewed lease contract term could have a start date of a year or more in the past. When this happens what do we use as the start date of the lease term? While the lease is in holdover, we treat it as a short-term lease.
- Q 4.26 – The response provided to the question in the ED, which is to estimate the payment to be used in the calculation of lease liability (for leases with optional extension period of three years and it is reasonably certain that option to extend will

be exercised but payment amount for the optional period is not specified in the contract), seems to contradict the response given to us by GASB (Wes Galloway) during a phone conference in 2016. We were told that if a lease has a renewal clause but the amount of the rent is not specified or is to be determined at the time of renewal, then it is not part of the lease term and not included in the calculation of lease liability.

Thank you for this opportunity to comment. If you have any questions or require further details, please feel free to contact me at (518) 486-1234.

Sincerely,



Deborah J. Hilson

Director

Bureau of Financial Reporting and  
Oil Spill Remediation