



CLA (CliftonLarsonAllen LLP)
220 South Sixth Street, Suite 300
Minneapolis, MN 55402-1436
612-376-4500 | fax 612-376-4850
CLAconnect.com

April 23, 2019

Mr. David Bean
Director of Research and Technical Activities, Project 3-24
Governmental Accounting Standards Board
Norwalk, CT
Via email: director@gasb.org

Dear Mr. Bean:

On behalf of the professionals serving governmental entities at CliftonLarsonAllen LLP (CLA), we appreciate the opportunity to comment on the topics covered in the Exposure Draft Implementation Guide: *Leases*, Project Number 3-24.

We appreciate the Board's efforts to issue guidance to assist in the implementation of GASB Statement No. 87, *Leases*. The questions and answers provided in this exposure draft will assist preparers in adopting the new reporting requirements for leases.

We agree with the Board's proposed guidance, however we do offer the following suggestions regarding the implementation guidance included in the exposure draft.

Question 4.4

This question discusses the substantive right of substitution and its effect on the application of GASB Statement No. 87, and clarifies that the right to use the asset is distinct from the underlying asset. We suggest that the Board clarify which paragraph in Statement No. 87 this question is intended to address.

Question 4.35

The answer to question 4.35 indicates that required payments made before the commencement of the lease term should be considered prepayments, and should be reclassified as part of the initial measurement of the lease asset at the time of commencement. We suggest that the Board clarify the accounting that would be involved both at the time the prepayment is initially recorded and at the commencement of the lease term.

Appendix B

While the examples provided will be helpful to ensure proper financial reporting, we encourage the Board to consider including additional examples of situations that are included in the scope of GASB Statement No. 87. Specifically, we suggest including examples of lessor reporting, re-measurement of lease liability and asset due to change in both lease terms and changes in underlying assets, and lease terminations.

April 23, 2019
Governmental Accounting Standards Board
Page 2

We thank the Board for the clarifications provided by the examples in this Exposure Draft.

Respectfully submitted by,

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP