



April 30, 2019

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

VIA Email: [director@gasb.org](mailto:director@gasb.org)

Dear Mr. Bean:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the Government Accounting Standards Board (GASB) on its Exposure Draft, *Proposed Implementation Guide of the GASB - Leases* and are respectfully providing feedback on the Board's Views.

The FMSB is comprised of 19 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

We appreciate the Board's efforts in providing guidance for the GASB Statement No. 87, Leases. We believe more guidance regarding practical application provides more of a consistent application of GASB No. 87 (or any other GASB standard). Below are our responses.

Question 4.21:

It appears that this answer represents a correction to the language of the standard. If the language in the original standard does not conform to the Board's intent, we recommend the standard should be amended. We believe the Board should not use the implementation guidance to correct wording in the standard. We encourage the Board to correct the wording in an Omnibus Statement.

Question 4.25:

GASB 87 does not address disclosure of capitalization policy for leases and it is not clear whether or how existing requirements for disclosing capitalization policy in GASB Codification 2300.106.a(8) might apply. Therefore, it would be helpful if the answer to this question could confirm whether existing disclosure requirements for capitalization policy are expected to apply to leases when a government uses a capitalization threshold. Also, it would be helpful to reference guidance in Question 4.54 of Implementation Guide 2016-1 (which directly addresses capitalization levels) as well as Question 7.4.1 of Implementation Guide 2015-1 (which addresses materiality generally).

Question 4.35:

This question and answer discusses the accounting for prepaid leases from the lessee's point of view. It would be helpful to include the accounting for the lessor's point of view since it is not considered a financing from the lessor's perspective.

Question 4.52:

This answer states that the lease receivable should be amortized using the interest method. We recommend the Board provide guidance regarding the proper method of the amortization of the associated Deferred Inflow of Resources? Could this be amortized using either the straight line or the effective interest method?

Appendix B Illustrations (all):

The illustrations demonstrate accounting from the lessee point of view. We recommend the Board also consider adding illustrations for the lessor accounting for the various transactions. We appreciate the GASB's efforts in providing illustrations, however, we noted the illustrations simple in nature. We highly recommend the Board include more complex examples, such as an illustration with re-measurements. Another suggested illustration would address the subsequent measurement date of the lease with a continuation of the amortization schedule after the re-measurement.

We appreciate the opportunity to comment on this document and will be pleased to discuss this letter with you at your convenience. If there are any questions regarding the comments in this letter, please contact me at (208)383-4756 or [Lmiller@eidebailly.com](mailto:Lmiller@eidebailly.com).

Sincerely,



Lealan Miller, CGFM, CPA  
Chair- AGA Financial Management Standards Board

cc: John H. Lynskey, CGFM, CPA, AGA National President

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