

From: Rilli, Mark

To: GASB Director <director@gasb.org>

Subject: Comment on GASB 87 Implementation Guide - Director of Research and Technical Activities, Project No. 3-24

TO : Director of Research and Technical Activities, Project No. 3-24

Thank you for the opportunity to comment and request additional guidance for our implementation of GASB 87.

[Comment/ Request for further guidance Paragraph B69 on selecting the discount rate for the PV calculation for Lessors.](#)

Paragraph B69 emphasizes that the discount rate can be imputed on any future payment stream. However, we believe that this assumes that accurate or complete information on the cost or fair value of the assets being leased are known and assignable by the Lessor.

We would like to know if an alternative for Lessors could be suggested, similar to how the Incremental Borrowing rate was suggested for Lessees in Paragraph 23.

In cases where lease rates are negotiated solely on market rates and conditions, is there an [acceptable methodology or reference](#) that can be used by Lessors as a fallback approach when complete data is not available?

Paragraph B69 suggests that the implicit rate can be calculated once a fair value of the leased asset is estimated. It would seem that for similar projects, a discount rate could be estimated and more easily applied to all leases.

The section also refers the reader to Paragraph B40 which states that if the implicit rate is not readily determinable, then a lessee's estimated incremental borrowing rate is an acceptable alternative.

Any additional guidance in this area would be helpful.

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