



DATE: May 2, 2019
TO: David Bean, Director of Research and Technical Activities
FROM: Alan Skelton, State Accounting Officer
RE: Implementation Guide for Leases – Project 3-24

Dear Mr. Bean,

I am pleased to submit the following comments to the Exposure Draft of an implementation guide for GASB 87 (Leases). We believe the proposed implementation guide has helpful questions and we generally agree with the answers provided. The following comments are more clarifications in nature and organized by question number.

Question 4.20

If we change the fact pattern in 4.20 to the following, does it change the answer....

If the original 6-month portion of the contract expired prior to the end of the reporting period and the contract was extended for the optional 12 months that was originally not anticipated to be exercised, would the lease term still remain 6 months even though the lease is essentially 18 months the first time it will ever be reported?

Question 4.35

We request that the Board address how previously recorded prepayments be recognized at the beginning of the lease term.

Question 4.67

The questions refer to “contracts that are entered into at or near the same time.” We request that the Board provide guidance for “at or near the same time,” which is needed to ensure consistency among reporting entities.

We appreciate the opportunity to submit these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alan Skelton', with a long horizontal flourish extending to the right.

Alan Skelton, CPA
State Accounting Officer
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