



# FLORIDA GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.

Since 1937

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Re: Project No. 3-24

Dear Mr. Bean,

On behalf of the Florida Government Finance Officers Association (FGFOA), we are pleased to respond to the GASB Invitation to Comment on Project No. 3-24 – the Exposure Draft of Proposed Implementation Guide, *Leases*. These comments were prepared based on a review by the FGFOA members, its Technical Resources Committee, and the Board of Directors.

We concur with the guidance offered in the ED and present the following suggestions or additional requests for clarification for your consideration:

Paragraph 8 e of Statement 87 states that the Statement does not apply to leases in which the underlying asset is financed by outstanding conduit debt, unless the underlying asset and the conduit debt are reported by the lessor. We believe it would be helpful to users to include an example of this exception. Please consider including an example where both the conduit debt and the underlying asset are reported on the lessor's balance sheet.

Q 4.25 – We suggest the second sentence be amended to read, “When applying a capitalization threshold to leases, lessees should consider both the quantitative and qualitative aspects of materiality when evaluating the significance of the lease liability in addition to the significance of the lease asset in accordance with the guidance provided in Question 7.4.1 of *Implementation Guide No. 2015-1*, as amended.”

Q 4.32 – From the question as presented, it is unclear how it would be determined whether a lease term was calculated to reflect the lessee exercising a fiscal funding or cancellation clause. More specific examples of contract wording in which the lease term reflects the lessee exercising (1) an option to terminate the lease or (2) a fiscal funding or cancellation clause would be beneficial.

Q 4.37 – It would be beneficial if the implementation guidance provided examples of the accounting for the remeasurement of the lease asset and corresponding lease liability at the time the likelihood of a purchase option being exercised has changed.

Q 4.37 and 4.38 – Would the remeasurement of the lease asset value and related lease liability result in the government having to report a change in estimate?

Q 4.52 – We would like to see further clarification on the answer for this question, specifically to include the imputation of interest in paragraphs 173-187 of Statement 62, which may be a guide in determining the interest rate implicit in the lease.

We would like to thank the GASB for its efforts in preparing the ED and for the opportunity to respond. Feel free to contact me at (850) 891-8082 or [kent.olson@talgov.com](mailto:kent.olson@talgov.com).

Sincerely,



Kent Olson, CGFO  
President