Federal Accounting Standards Advisory Board

June 6, 2014

Memorandum

To: Members of the Board

M.R. Valentine

From: Monica R. Valentine, Assistant Director

Wendy M. Payne

Through: Wendy M. Payne, Executive Director

Subject: Leases Project – **Tab F**[1]

MEETING OBJECTIVE

To discuss options for accounting for intragovernmental leasing activities.

BRIEFING MATERIAL

- ❒ Staff Memo
- ❒ Attachment I: Current Operating Lease Accounting & Reporting Guidance

Background

During April's educational session with the U.S. General Services Administration (GSA) the goal was to gain a better understanding of several GSA lease-related topics.

- GSA's role as landlord for federal civilian agencies
- GSA's operational financing
- GSA as the lessee
- GSA as the lessor
- GSA's concerns with the current federal accounting standards for leases

In March 2014 the Board met jointly with the GASB to discuss similar issues related to each of their ongoing lease accounting projects. The Boards first discussed the lessor model. Both Boards agreed that they should begin with the goal of developing symmetry between the lessee and lessor models. The FASAB was also very focused on the intragovernmental leasing issues involving federal entities and those federal-specific lease issues.

[1] The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

In January 2014 staff asked the Board to provide their input in a survey format on the tentative decisions made by the GASB on their lease project to date. Based on the results of the survey, staff identified several topics for further discussion during the joint meeting with GASB.

At the December 2013 meeting the Board briefly discussed the GASB tentative decisions on their leases project to date with the GASB Practice Fellow leading their leases project.

Staff discussed with the Board the responses to the ten-question federal lease activities questionnaire staff sent to several federal entities. The purpose of the questionnaire was to gather data on the leasing activities and practices of federal entities, the input will assist FASAB develop revised lease standards for the federal government. Staff noted that the responses highlight the need for comprehensive lease accounting standards for the federal government, especially now since FASB is actively working to modify its current lease standards. The Board noted the following based on the results of the lease questionnaire:

- Focus in on the federal aspects of lease accounting
- Highlight possible issues related to intra-governmental leasing activities
- Identify the user needs as it relates to federal lease activities
- Identify the cost-benefit of having different lease accounting recognition and lease budget scoring

The Board tentatively agreed that based on Statement of Federal Financial Accounting Concepts (SFFAC) 5's definition of an asset and liability a federal entity's **right to use** a leased asset and the **obligation to make lease payments** are assets and liabilities of the entity.

All of the members agreed to explore the single-model approach as opposed to the dual-model approach. The Board also highlighted the following as it relates to the lease project:

- It would be helpful to know the annual interest expense for federal entities' leases.
- The single model is preferred because it will be easier for agencies to have just one class of leases.
- The single-model approach is a practical expedient and is conceptually sound.
- Articulation is necessary between the lessee and the lessor reporting because of significant intra-governmental leasing.
- Identifying any possible exceptions.
- Implementation issues should be addressed.
- The current two-year useful life criteria used to determine capitalization of general property, plant & equipment should be considered as a possibility for lease balance sheet recognition.
- Assess the cost-benefit of having two approaches to leasing analysis – one for budget purposes and the other for accounting purposes.
- The Board should be looking at providing decision useful information.

We met with OMB staff on April 30th to discuss budget scoring for capital leases. OMB staff explained that Appendix B of OMB Circular A-11, which provides instructions on the budgetary treatment of lease-purchases and leases of capital assets, is consistent with the scorekeeping rule developed by the executive (OMB) and legislative branches (CBO) originally in connection with the Budget Enforcement Act of 1990 (BEA). Statement of Financial Accounting Standards 13, issued by FASB, was the "support" for the scorekeeping rules developed. Because the lease budget scoring rules were developed in connection with the BEA and cannot be changed unless all of the scorekeepers (OMB, CBO, and the Budget Committees) agree, it is not likely that the rules will change based on potential changes in the financial accounting for leases. OMB staff provided other helpful insights which we will explore further later in the project.

MEMBER FEEDBACK

If you require additional information or wish to suggest another alternative not considered by staff, please contact staff as soon as possible. In most cases, staff would be able to respond to your request for information and prepare to discuss your suggestions with the Board, as needed, in advance of the meeting. If you have any questions or comments prior to the meeting, please contact me by telephone at 202-512-7362 or by e-mail at valentinem@fasab.gov with a cc to paynew@fasab.gov

Questions for Board Discussion

1. Should intragovernmental leases be accounted for differently than leases between federal entities and non-federal entities?

2. If intragovernmental leases are accounted for differently than leases between federal entities and non-federal entities should they be categorized as an exception or should a separate category of leases be created?

3a. If intragovernmental leases are accounted for differently than leases between federal entities and non-federal entities and are categorized as a separate category of leases, should the standard address criteria for intragovernmental leases, recognition, and disclosure for these leases? If yes, member feedback on the outline proposed below is welcome.

3b. Should the existence of a cancelation clause or cancelable period be identified as a criteria for recognition as a intragovernmental lease?

Brief Overview of GSA Occupancy Agreements with other Federal Entities

GSA has jurisdiction, custody, and control of public buildings and the authority to acquire leasehold interests. The GSA portfolio is mostly composed of office buildings, courthouses, land ports of entry, and warehouses. GSA has authority to construct, renovate, operate and maintain public buildings as well as assign space to executive agencies. GSA and the Postal Service are the two major lessees of privately-owned leased space. Also, 96 percent of GSA's leased space is leased on the behalf of other federal entities that do not have the authority to acquire leased space. GSA views itself as an *Assignor*, not *Lessor* when dealing with other federal agencies. Their authority is found in 40 USC § 584 and states, "the Administrator of General Services may assign or reassign space for an executive agency in any Federal Government-Owned or Leased building." GSA has the contractual leasehold interest in the leased space with the non-federal lessor.

According to GSA their occupancy agreements (OAs) are technically referred to as *Assignments of Space*, not *Leases*. In general, GSA does not grant the broader enforceable rights to other federal entities as with a lease. OAs are interagency agreements that are administratively binding; however, they do not rise to the level of being legally binding. There is no standing to bring legal action against another federal entity. GSA is the lessee where space is acquired from non-federal entities and then assigned to federal entities. GSA recognizes that from an accounting perspective these OAs can be viewed as *leases* based on the current FASAB Consolidated Glossary definition of the term operating Lease – "a*n agreement conveying the right to use property for a limited time in exchange for periodic rental payments."*

OA's normally display a five-year term although there is still only an annual agreement for binding purposes. The purpose of the five-year display is to show the out-year information for budgeting. The OA memorializes the rent so that entities can budget for it in the out years.

As the lessee, all GSA leases are entered into with non-federal entities. Since OAs between GSA and tenant agencies are not considered leases, they are not subject to classification for budgetary purposes. OMB scoring criteria, as defined in Circular A-11, Appendix B, are predicated on the allocation of risk between the government and the private sector. Operating Leases maintain the appropriate level of private risk consistent with the private owner's continuing performance of the ownership responsibilities of the asset leased to the government. Therefore, intragovernmental transactions, such as GSA's OAs with customer agencies, are from a legal perspective the allocation of responsibilities and a corresponding level of risk is not comparable between two federal entities as it would be between a non-federal entity and a federal entity. Although from an accounting perspective they would be viewed as operating leases and very rarely as capital leases.

The majority of GSA's OAs are cancelable by the tenant agency at any time after the first year with 120 days notice. A small number of GSA's OAs are non-cancelable by the tenant agency, meaning the agency has committed to paying for the space throughout the OA term.

- **GSA currently has 21,107 active OAs**
    - **10,141 in federally-owned buildings/facilities**
        - **$3.90B annual revenue**
        - **183.0M Rentable Square Feet (RSF)**
    - **10,966 in GSA leased space**
        - **$5.87B annual revenue**
        - **194.9M RSF**
    - **89% of OAs are Cancelable**
    - **11% of OAs are Non-Cancelable**

Staff Analysis and Questions for Board Consideration on the FASAB Leases Project

1. Should intragovernmental leases be accounted for differently than leases between federal entities and non-federal entities?

The Board has agreed to explore a single-model lease accounting approach as opposed to a dual-model approach as with the current lease accounting model and the FASB/IASB proposals. As it relates to intragovernmental leases, the first question to be addressed is should intragovernmental leases be accounted for differently than leases between federal entities and non-federal entities.

There are several factors to consider as we assess whether intragovermental leases should be accounted for differently.

--The information needs are different; risk-based information is not necessary for transactions between federal entities. However, information related to cost of services and future obligations is important. In fact, our limited meetings with Congressional staff demonstrated interest in knowing the interest cost, valuation of leased assets, and future obligations for agencies.

-- The cost-benefit associated with the proposed single-model approach. GSA's concern is, if the tenant agencies were to be required to establish a right of use asset and liability based on their occupancy agreement, the tenant agency right of use liability would need to "match" a GSA right of use receivable for this assigned space. This would require regular communication between GSA and the tenant agency to ensure no intragovernmental variances are created. Some task force members noted that such communication is needed now to ensure receivable and payable amounts match.

-- The fact that 89% of the GSA OAs are cancelable by the tenant agency at any time after the first year with 120 days notice may result in some qualifying for the 12-month (or 24-) exception. Other intragovernmental leases may not qualify because of the likelihood of renewal or the absence of cancellation rights.

-- Legal enforceability is not a factor with agreements between federal entities.

-- The fact that GSA has the authority to assign or reassign space to a tenant agency in any federal government-owned or leased building means agencies intragovernmental rights to leased assets is not as clear as it may be in non-federal leases.

On balance, staff believes a simplified approach for recognizing amounts arising from intragovernmental leases is warranted. Staff recommends that intragovernmental leases be accounted for differently than leases between federal entities and non-federal entities. Staff recommends that a model be developed that simplifies intragovernmental eliminations while relying on other means to provide information about use of assets and continuing obligations.

2. If intragovernmental leases are accounted for differently than leases between federal entities and non-federal entities should they be categorized as an exception or should a separate category of leases be created?

If intragovernmental leases are identified as an exception to the lease guidance – that is removed from the scope of this project, standards would still need to be developed for these leases.

If a separated category of leases is created, such as "intragovernmental leases," all necessary guidance can be addressed in the lease accounting standard (ie., criteria, recognition, and disclosure).

Staff recommends that if intragovernmental leases are accounted for differently than leases between federal entities and non-federal entities, that a separate category within the lease accounting standard be created.

3a. If intragovernmental leases are accounted for differently than leases between federal entities and non-federal entities and are categorized as a separate category of leases, should the standard address criteria for intragovernmental leases, recognition, and disclosure for these leases? If yes, member feedback on the outline proposed below is welcome.

Proposed Criteria to Identify Intragovernmental Leases:

-- Contract/agreement meets the definition of a lease. [Definition: A lease is contract or agreement that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.]

-- Lease contract/agreement is between two or more entities considered “consolidation entities” consistent with SFFAS ## (*Reporting Entity)*.

3b. Should the existence of a cancelation clause or cancelable period be identified as a criteria for recognition as a intragovernmental lease?

As noted earlier, a small number of GSA’s OAs are non-cancelable usually because the leased space is unique for the tenant agency’s purposes and/or the leased space has been constructed for the tenant agency specifically.

To remain consistent with a simplified approach for recognizing amounts arise from intragovermental leases, staff recommends that the existence of a cancelation clause or cancelation period not be a criterion for classification as an intragovernmenal lease.

Proposed Recognition & Disclosure of Intragovernmental Leases:

Staff recommends that the existing operating lease recognition and disclosure guidance be used as a starting point for the proposed recognition and disclosure guidance for intragovernmental leases. Attachment I includes excerpts from the following sources.

- ❒ FASAB – SFFAS 1 Accounting for Selected Assets and Liabilities
- ❒ FASB – FASB Topic 840 Leases
- ❒ GASB – Statement No. 62: Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements
- ❒ OMB – Circular No. A-136, Financial Reporting Requirements
- ❒ Financial Report of the U.S. Government (2013) – Note 21. Commitments

For example, this implies disclosures such as:

For intragovernmental leases having initial or remaining noncancelable lease terms in excess of one year, the lessee shall disclose the following:

A. By major class of leased assets and by federal entity receiving the lease payments,
   a. Lease payments for each reporting period covered by the financial statements
   b. Future minimum rental payments required as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding fiscal years
B. The total of minimum rentals to be received in the future under non-cancelable subleases as of the date of the latest balance sheet presented.

Current Operating Lease Accounting Guidance

- **FASAB Guidance**

Excerpts from SFFAS 1 Accounting for Selected Assets and Liabilities

Accounts Payable

(**Emphasis Added**)
74. Accounts payable are amounts owed by a federal entity for goods and services received from, progress in contract performance made by, and **rents due to other entities**.

75. Accounts payable are not intended to include liabilities related to on-going continuous expenses such as employees' salary and benefits, which are covered by other current liabilities. (See recommended standard for Other Current Liabilities.)

76. Amounts owed for goods or services received from federal entities represent **intragovernmental transactions** and should be reported separately from amounts owed to the public.

77. When an entity accepts title to goods, whether the goods are delivered or in transit, the entity should recognize a liability for the unpaid amount of the goods. If invoices for those goods are not available when financial statements are prepared, the amounts owed should be estimated.

78. When a contractor provides the government with goods that are also suitable for sale to others, the liability usually arises when the contractor physically delivers the goods and the government receives them and takes formal title. However, when a contractor builds or manufactures facilities or equipment to the government's specifications, formal acceptance of the products by the government is not the determining factor for accounting recognition. Constructive or de facto receipt occurs in each accounting period, in accordance with the following paragraph.

79. For facilities or equipment constructed or manufactured by contractors or grantees according to agreements or contract specifications, amounts recorded as payable should be based on an estimate of work completed under the contract or the agreement. The estimate of such amounts should be based primarily on the federal entity's engineering and management evaluation of actual performance progress and incurred costs.

80. The reporting entity should disclose accounts payable not covered by budgetary resources.

➢ FASB Guidance

Excerpts from FASB Topic 840 Leases

840-20 Operating Leases

840-20-25 Recognition

General

> Overall Guidance

25-1 Rent shall be charged to expense by lessees (reported as income by lessors) over the **lease term** as it becomes payable (receivable). If rental payments are not made on a straight-line basis, rental expense nevertheless shall be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used.

840-20-45 Other Presentation Matters

Lessees

> Rental Costs

45-1 Rental costs shall be included in the lessee's income from continuing operations.

Lessors

> Leased Property

45-2 The leased property shall be included by the lessor with or near property, plant, and equipment in the balance sheet.

45-3 Accumulated depreciation shall be deducted by the lessor from the investment in the leased property.

840-20-50 Disclosure

Lessees

50-1 For all **operating leases**, the lessee shall disclose rental expense for each period for which an income statement is presented, with separate amounts for minimum rentals, contingent rentals, and **sublease** rentals. Rental payments under leases with terms of a month or less that were not renewed need not be included.

50-2 For operating leases having initial or remaining noncancelable lease terms in excess of one year, the lessee shall disclose both of the following:

a. Future minimum rental payments required as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding fiscal years

b. The total of minimum rentals to be received in the future under noncancelable subleases as of the date of the latest balance sheet presented.

50-3 Example 1 (see paragraph 840-10-55-40) illustrates a lessee's application of the disclosure requirements of Subtopic 840-10 for an operating lease.

Lessors

50-4 If leasing, exclusive of leveraged leasing, is a significant part of the lessor's business activities in terms of revenue, net income, or assets, all of the following information with respect to operating leases shall be disclosed in the financial statements or footnotes thereto:

a. The cost and carrying amount, if different, of property on **lease** or held for leasing by major classes of property according to nature or function, and the amount of accumulated depreciation in total as of the date of the latest balance sheet presented

b. Minimum future rentals on noncancelable leases as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding fiscal years

c. Total contingent rentals included in income for each period for which an income statement is presented.

➢ GASB Guidance

Excerpt from Statement No. 62
Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

Operating Leases

(**Emphasis Added**)
222. Normally, rental on an **operating lease** should be charged to expense/expenditure over the lease term as it becomes payable. If rental payments are not made on a straight-line basis, rental expense/expenditure nevertheless should be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis should be used.

223. The following information with respect to leases should be **disclosed in the notes to the lessee's financial statements**.
a. For capital leases:

(1) The gross amount of assets recorded under capital leases as of the date of each set of financial statements presented by major classes according to nature or function. This information may be combined with the comparable information for owned assets.
(2) The total of minimum sublease rentals to be received in the future under noncancelable subleases as of the date of the latest financial statements presented.
(3) Total contingent rentals actually incurred for each period for which a flows statement is presented.
(4) Assets recorded under capital leases and the accumulated amortization thereon. Unless the expense resulting from amortization of assets recorded under capital leases is included with depreciation expense and the fact that it is so included is disclosed, the amortization expense should be disclosed in the notes to the financial statements.

b. For **operating leases** having initial or remaining noncancelable lease terms in excess of one year, the total of minimum rentals to be received in the future under noncancelable subleases as of the date of the latest financial statements presented.

c. For **all operating leases**, rental expense/expenditure for each period for which a flows statement is presented, with separate amounts for minimum rentals, contingent rentals, and sublease rentals. Rental payments under leases with terms of a month or less that were not renewed need not be included.

d. A general description of the lessee's leasing arrangements including, but not limited to, the following:

(1) The basis on which contingent rental payments are determined
(2) The existence and terms of renewal or purchase options and escalation clauses
(3) Restrictions imposed by lease agreements, such as those concerning additional debt and further leasing.

Operating Leases

227. **Operating leases** should be accounted for by the **lessor** as follows:

a. The leased property should be included with or near capital assets in the statement of net assets. The property should be depreciated following the lessor's normal depreciation policy, and in the statement of net assets, the accumulated depreciation should be deducted from the investment in the leased property.

b. Rent should be reported as revenue over the lease term as it becomes receivable according to the provisions of the lease. However, if the rentals vary from a straight-line basis, the revenue should be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit from the leased property is diminished, in which case that basis should be used.

c. Initial direct costs should be deferred and allocated over the lease term in proportion to the recognition of rental revenue.

d. If, at the inception of the lease, the fair value of the property in an operating lease involving real estate that would have been classified as a sales-type lease except that it did not meet the criterion in paragraph 213a is less than its cost or carrying amount, if different, then a loss equal to that difference should be recognized at the inception of the lease.

Disclosures

231. When leasing, exclusive of leveraged leasing, is a significant part of the lessor's activities, the following information with respect to leases should be disclosed in the notes to financial statements:

a. For sales-type and direct financing leases:
- (1) The components of the net investment in sales-type and direct financing leases as of the date of each set of financial statements presented:
  - (a) Future minimum lease payments to be received, with separate deductions for (i) amounts representing executory costs, including any gain thereon, included in the minimum lease payments and (ii) the accumulated allowance for uncollectible minimum lease payments receivable
  - (b) The unguaranteed residual values accruing to the benefit of the lessor
  - (c) For direct financing leases only, initial direct costs
  - (d) Related liability (see paragraphs 224b and 226b).
- (2) Future minimum lease payments to be received for each of the five succeeding fiscal years as of the date of the latest financial statements presented.
- (3) Total contingent rentals included in the flows statement for each period presented.

b. For **operating leases**:
- (1) The cost and carrying amount, if different, of property on lease or held for leasing by major classes of property, and the amount of accumulated depreciation in total as of the date of the latest financial statements presented.
- (2) Minimum future rentals on noncancelable leases as of the date of the latest financial statements presented, in the aggregate and for each of the five succeeding fiscal years.
- (3) Total contingent rentals included in the flows statement for each period presented.

c. A general description of the lessor's leasing arrangements.

Current Operating Lease Reporting Guidance

- ***Excerpts from OMB A-136 Form and Content of PAR***

Instructions

Other Liabilities. Include all liabilities not reported elsewhere. Separately disclose the current portion of other liabilities.

Other Information. Provide other information necessary for understanding other liabilities.

II.4.9.18 Note 18 Leases

Note 18 Leases

Entity as Lessee:

Capital Leases:

	2xxx (CY)	2xxx (PY)
Summary of Assets Under Capital Lease:		
Land and Buildings……	xxx	xxx
Machinery and Equipment……	xxx	xxx
Other……	xxx	xxx
Accumulated Amortization……	xxx	xxx

Description of Lease Arrangements: ______________________________

Future Payments Due:

	Asset Category			
Fiscal Year	(1)	(2)	(3)	Totals
Year 1	xxx	xxx	xxx	xxx
Year 2	xxx	xxx	xxx	xxx
Year 3	xxx	xxx	xxx	xxx
Year 4	xxx	xxx	xxx	xxx
Year 5	xxx	xxx	xxx	xxx
After 5 Years	xxx	xxx	xxx	xxx
Total Future Lease Payments	xxx	xxx	xxx	xxx
Less: Imputed Interest	xxx	xxx	xxx	xxx
Less: Executory Costs (e.g., taxes)	xxx	xxx	xxx	xxx
Net Capital Lease Liability	x,xxx	x,xxx	x,xxx	x,xxx
Lease liabilities covered by budgetary resources				x,xxx
Lease liabilities not covered by budgetary resources				x,xxx

Operating Leases:

Description of Lease Arrangements: ______________________________

Future Payments Due:

Fiscal Year	(1)	(2)	(3)	Totals
	Asset Category			
Year 1	xxx	xxx	xxx	xxx
Year 2	xxx	xxx	xxx	xxx
Year 3	xxx	xxx	xxx	xxx
Year 4	xxx	xxx	xxx	xxx
Year 5	xxx	xxx	xxx	xxx
After 5 Years	xxx	xxx	xxx	xxx
Total Future Lease Payments….........	x,xxx	x,xxx	x,xxx	x,xxx

Entity as Lessor:

Capital Leases:

Description of Lease Arrangements: ______________________________

Future Projected Receipts:

Fiscal Year	(1)	(2)	(3)	Totals
	Asset Category			
Year 1	xxx	xxx	xxx	xxx
Year 2	xxx	xxx	xxx	xxx
Year 3	xxx	xxx	xxx	xxx
Year 4	xxx	xxx	xxx	xxx
Year 5	xxx	xxx	xxx	xxx
After 5 Years	xxx	xxx	xxx	xxx
Total Future Capital Lease Receivables……………..	x,xxx	x,xxx	x,xxx	x,xxx

Operating Leases:

Description of Lease Arrangements: ______________________________

Future Projected Receipts:

Fiscal Year	(1)	(2)	(3)	Totals
	Asset Category			
Year 1	xxx	xxx	xxx	xxx
Year 2	xxx	xxx	xxx	xxx
Year 3	xxx	xxx	xxx	xxx
Year 4	xxx	xxx	xxx	xxx
Year 5	xxx	xxx	xxx	xxx
After 5 Years	xxx	xxx	xxx	xxx
Total Future Operating Lease Receivables…...................	x,xxx	x,xxx	x,xxx	x,xxx

Other Information:____

Instructions. SFFAS Nos. 5 and 6 provide the criteria for liability and asset recognition with respect to capital leases.

A. Entity as Lessee.

Summary of Assets Under Capital Lease: Enter the gross assets under capital lease, by major asset category, and the related total accumulated amortization.

Description of Lease Arrangements: Provide information that discloses the agency's funding commitments including, but not limited to, the major asset categories and associated lease terms, including renewal options, escalation clauses, contingent rentals restrictions imposed by lease agreements, and the amortization period.

Future Payments Due: Enter future lease payments, by major asset category, for all noncancellable leases with terms longer than one year.

For capital leases, show deductions for imputed interest and executory costs. Separately disclose the portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources (see Appendix B of Circular No. A-11 for additional guidance but observe a difference in terminology: that the term capital leases as used in this note includes capital leases and lease purchases as the terms are used in Circular No. A-11). According to the OMB Circular No. A-11, capital leases entered into during FY 1992 and thereafter are required to be fully funded in the first year of the lease.

B. Entity as Lessor.

Description of Lease Arrangements: Provide the information necessary to disclose the commitment of the entity's assets including but not limited to the major asset category and lease terms.

Future Projected Receipts: Enter future lease revenues, by major asset category, for all noncancellable leases with terms longer than one year.

C. Other Information. Provide other information necessary for understanding leases that is not disclosed in the above categories.

Current Operating Lease Consolidated Financial Reporting

- ***Excerpt from 2013 Financial Report of the U.S. Government***

Note 21. Commitments

Long-Term Operating Leases as of September 30, 2013, and 2012

(In billions of dollars)	2013	2012
General Services Administration	23.6	29.5
U.S. Postal Service	6.7	7.0
Department of State	1.3	1.6
Department of Defense	1.3	1.6
Department of Health and Human Services	0.9	1.2
Department of Agriculture	0.8	0.8
Department of Homeland Security	0.8	0.6
Other operating leases	4.0	4.2
Total long-term operating leases	39.4	46.5

The Government has entered into contractual commitments that require future use of financial resources. It has significant amounts of long-term lease obligations and undelivered orders. Undelivered orders represent the value of goods and services ordered that have not yet been received.