



Survey Responses Requested by February 27, 2012

January 17, 2012

Memorandum

To: Federal Deputy Chief Financial Officers
Federal Accounting Directors

Wendy M. Payne

From: Wendy M. Payne, Executive Director

Subject: Questionnaire on Federal Leasing Activities and Practices

The Federal Accounting Standards Advisory Board (FASAB) promulgates accounting concepts and standards for federal government entities. FASAB develops federal accounting standards after considering the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information. Federal entities apply FASAB standards when preparing financial statements for independent audit. Additional information about FASAB can be obtained on our website at <http://www.fasab.gov>.

The Board has decided to undertake a project on lease accounting to address the needs of the federal community. The goal is to develop more comprehensive standards on federal leasing activities than the existing standards. At its August 2011 meeting, the FASAB approved a plan to review existing lease accounting standards and to consider whether changes are needed to address the needs of the federal community. See additional information on the project at <http://www.fasab.gov/projects/active-projects/leases/>.

Current FASAB standards addressing leasing transactions include Statement of Federal Financial Accounting Standard (SFFAS) 5 *Accounting for Liabilities of the Federal Government* [pars. 43 – 46] and SFFAS 6 *Accounting for Property, Plant, and Equipment* [pars. 20 & 29]. These lease standards were originally developed from Financial Accounting Standards Board (FASB) lease standards effective at that time.

Currently, the FASB and International Accounting Standards Board (IASB) have undertaken a joint project on lease accounting that focuses on the conveyance of rights to future economic benefits (such as the right of use). The FASB/IASB lease standards may be released as final later in 2012. Issuance of those standards will not automatically change federal financial accounting standards.

The primary objectives of the FASAB Lease project are to:

- a. Develop an approach to lease accounting that would ensure that all assets and liabilities [consistent with Statement of Federal Financial Accounting Concepts (SFFAC) 5 definitions]

arising under lease contracts/agreements are recognized in the statement of financial position and related costs are recognized in the statement of net cost.

- b. Evaluate and revise as needed the current lease-related definitions and recognition guidance in SFFAS 5 and 6, including consideration of the advantages and disadvantages of applying the FASB/IASB lease standard in the federal environment.
- c. Ensure that the standards to be developed fully address the various lease transactions/activities currently being used in the federal community (e.g. enhanced use leases).
- d. Consider the differences between lease accounting and the budgetary treatment of lease-purchases and leases of capital assets as outlined in Office of Management and Budget (OMB) Circular A-11.

In an effort to gather the necessary data on the leasing activities and practices of federal entities, we are requesting your assistance in completing the attached questionnaire. The questionnaire requests specific information on leasing activities and practices related to your federal entity, including bureaus, agencies, offices, etc. under the jurisdiction of your federal entity.

Your input will assist us in more efficiently and effectively developing new lease standards for the federal government. We are requesting responses be emailed to valentinem@fasab.gov or faxed to 202-512-7366 by **February 27, 2012**. Please feel free to contact Monica Valentine at 202-512-7362 to discuss any questions you may have. Thank you for your time and assistance.

Attachment

Federal Leasing Activities and Practices Questionnaire

Directions: Please provide the answers to the survey based on the activities and practices of your organization. Please click one box for each yes/no question(s). For narrative responses, please click on the grey shading in the box to begin typing your response.

Disclaimer: In the course of developing or updating federal accounting standards, FASAB staff periodically utilize task forces, questionnaires, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this survey is intended to assist staff in preparing materials for the Board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

For purposes of this questionnaire, we are defining a **lease** as, "An agreement conveying the right to use property, plant, and equipment usually for a stated period of time." [FAS Codification 840-10-20 Glossary (FAS 13, paragraph 1)]

Questions regarding your agency/entity's leasing activities and practices.

Please note: All leasing activities and practices referred to in this questionnaire include both intra-governmental activities/practices as well as those activities/practices with private entities.

1. Does your federal agency/entity engage in any leasing activities?

(Please click on one box)

Yes No

If Yes, please provide a brief summary of the leasing activities.

(Please click on the grey shading in the box below to begin typing your response)

2. Does your federal agency/entity consider your leasing activities to be material (i.e., lease dollar value or number of leasing contracts)?

(Please click on one box)

Yes No

If Yes, please provide a basis for your materiality determination.

(Please click on the grey shading in the box below to begin typing your response)

3. Does your federal agency/entity more often serve as the lessor (asset owner) or the lessee (leases/uses asset)? Please provide a percentage breakdown of lessor vs. lessee activities.

(Please click on one box)

Lessor Lessee

Please provide a percentage breakdown of lessor vs. lessee.

(Please click on the grey shading in the box below to begin typing your response)

4. What types/categories of leased assets (i.e., buildings, facilities, vehicles, land, equipment, software, etc.) are associated with your federal agency/entity's leasing activities?

Please provide a list of your federal agency/entity's leased asset types or categories.

(Please click on the grey shading in the box below to begin typing your response)

5. Is your federal agency/entity involved in any enhanced use leases (EUL)?

(Please click on one box)

Yes No

If Yes, please provide a brief overview of those EUL activities.

(Please click on the grey shading in the box below to begin typing your response)

6. Does your federal agency/entity currently use federal accounting guidance (i.e., SFFAS 5 & 6) to account for your leasing activities?

(Please click on one box)

Yes No

If Not, what accounting guidance does your federal agency/entity follow.

(Please click on the grey shading in the box below to begin typing your response)

7. Does your federal agency/entity find the current federal lease accounting guidance adequate for your purposes or is it lacking certain areas?

(Please click on one box)

Yes No

Please explain your answer.

(Please click on the grey shading in the box below to begin typing your response)

8. Does your federal agency/entity have other concerns with the current federal lease accounting guidance?

(Please click on one box)

Yes No

If Yes, please explain your concerns.

(Please click on the grey shading in the box below to begin typing your response)

9. Does your federal agency/entity have any specific concerns with the current federal lease accounting standards (i.e., SFFAS 5 & 6) as it relates to the budget scoring of leases as outlined in Appendix B of OMB Circular A-11?

(Please click on one box)

Yes No

If Yes, please explain your concerns.

(Please click on the grey shading in the box below to begin typing your response)

10. Would your federal agency/entity be interested in participating in a federal lease accounting task force sponsored by the FASAB?

(Please click on one box)

Yes No

Please explain.

(Please click on the grey shading in the box below to begin typing your response)

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

**First and Last
Name:**

**Organization
Name:**

Position Title:

Phone Number:

Email Address: