

Leases Implementation Task Force Meeting Minutes

January 28, 2020, 1:30 PM to 3:00 PM
441 G Street NW, Room 4N30 Washington, D.C.

Attendance

Mr. Perry, FASAB senior analyst, was present throughout the meeting. Formal attendance was not taken due to the large task force membership and observer group constituency.

This meeting was held via WebEx, and all members and observers dialed in. Sixty-seven phone numbers connected into the conference call.¹

Introductions and Welcome; Overview of Meeting Objectives; Project Status and Timelines (Agenda Item #1)

Introductions and Welcome

The task force meeting officially convened at about 1:35 PM. Mr. Perry kicked off the meeting by welcoming task force members. Mr. Perry introduced Christi Dewhirst from GSA who will be helping draft the implementation guidance.

Overview of Meeting Objectives

Mr. Perry stated that the task force would discuss the scope/definitions topic area during this meeting. He noted that the General Services Administration (GSA) and the Department of Defense (DoD) provided preliminary feedback in advance of the meeting and encouraged other task force members to provide feedback as well.

SFFAS 54 Deferral Exposure Draft (ED) – Comments due January 31, 2020

Mr. Perry provided an overview of the ED and the timeline for issuance. He expressed that the goal is to have it issued in June 2020, but that timeline is subject to change based on the comments received and the Board's deliberation. Mr. Perry reminded task force members to submit comment letters by January 31 to be considered at the next Board meeting in February. He also encouraged task force members to dial in for the Board meeting to hear the Board's discussion on the deferral and review the briefing materials and minutes as they are posted (see [fasab.gov, board meetings page](#)). Mr. Perry noted that the Board meeting will be February 26-27, 2020.

Software Licenses Working Group Update

The working group has reviewed a first draft that Mr. Perry developed, and they are in the process of providing feedback. The working group will meet again on February 20, 2020. This topic is not scheduled to be discussed at the February Board meeting but is likely to be on the agenda in April.

Review Updated Project Plan

Mr. Perry explained the updated project plan using an excerpt from [Tab B.2 of the AAPC November 2019 meeting briefing materials](#) (Attachment 1).

¹The total meeting time was 113 minutes. 56 of 67 numbers connected for at least 30 minutes; 53 of 67 for at least 60 minutes; and 42 of 67 for at least 90 minutes. Some numbers represent individual task force members/participants/observers, while others represent groups of members/participants/observers.

One task force member expressed concern that the implementation guidance will not be issued until the fourth quarter of FY 2021. She explained that this may not allow adequate time for her agency² to meet the requirements at implementation. Another task force member echoed those concerns³, noting that the two-year deferral may not be sufficient if the implementation guidance does not come out timely. A third task force member voiced concerns that his agency⁴ may struggle with systems requirements and development if any of the implementation guidance contradicts the assumptions his agency has made thus far in developing its systems requirements.

Mr. Perry thanked task force members for sharing their concerns and expressed that the FASAB staff are working as quickly as possible. He encouraged all agencies to start preparing for implementation now and update those plans as the implementation guidance is developed. He also reminded the task force that the project plan calls for the draft implementation guidance to be released for public comment by the first quarter of FY 2021 and that exposure documents do not typically change significantly; particularly implementation guidance exposure documents—which are based on already-existing GAAP.

Mr. Perry noted that the task force may update their comment letters on the deferral if they have concerns about the timeline.

The task force discussed the possibility of a second deferral at a later time if needed. Mr. Perry noted that the Board will continue to monitor agencies progress on implementation and there will be additional times to provide input.

There was a discussion on the possibility of interim staff-developed guidance that could go out quickly as another option. However, Mr. Perry informed the task force that interim guidance would be considered Level D of GAAP and would not be appropriate in this case.

The task force raised questions about the Training/Outreach reflected on the project plan. Mr. Perry explained that in FY 2020 this will focus on the issues being raised during implementation guidance development. In FY 2021, this training will be about the proposal and accounting treatment required.

Task Force Discussion of Draft Implementation Guidance – Scope/Definitions Topic Area (Agenda Item #2)

Discussions of Proposed Questions and Answers

Mr. Perry asked the GSA and DoD representatives if he could share their responses with the task force since they provided feedback in advance; both agreed. The task force discussed the working draft of the implementation guidance – scope/definitions topic area (Attachment 2).

On question 4, an agency⁵ asked about SFFAS 55 consideration for imputed costs. Mr. Perry stated that he would research this further and refine the answer if needed.

On question 5, there was a discussion about timing and determining term. The task force noted that SFFAS 54 is silent on interrupted periods; whereas, GASB specifically notes that interrupted periods

² The agency is a CFO Act agency.

³ The agency is a CFO Act agency.

⁴ The agency is a CFO Act agency.

⁵ The agency is a CFO Act agency.

should be considered. Mr. Perry will research this and indicated that this, pending further research, may need to be included in the omnibus rather than the implementation guidance.

On question 6, there was a discussion about the right of control. The task force questioned if grazing rights really provided the right to control the land. Mr. Perry noted that they provide the right to access and control the economic benefit derived from the underlying asset, as specified in the control or agreement. He will coordinate with the Bureau of Land Management to study this in more detail.

On question 7, one agency⁶ requested the answer to be more definitive. Mr. Perry will take another look to determine if that would be appropriate. There was also discussion on agreements with no consideration. The task force discussed if those should be treated as imputed, or if they would be excluded because they do not meet the consideration requirement for a lease as defined in paragraph 2 of SFFAS 54.

On question 8, the task force noted that this question seemed redundant. Mr. Perry will review the GASB original question to make sure nothing was missed. If everything has been addressed by a previous question, this one will be eliminated.

On question 9, the task force discussed non-monetary consideration. Mr. Perry will work with DoD to identify illustrative examples of this and include guidance.

On question 10, the task force questioned if there was an example where an antenna placement agreement would not be a lease. Mr. Perry will consult with others to determine if such an example exists.

On question 11, one agency⁷ disagreed with the proposed answer. The agency stated that the lessee does not have the right to control the asset if that asset can be substituted for another by the lessor at any time. Mr. Perry cited paragraphs 2-3 of SFFAS 54 which explain that the lessee must have the right to access and control the economic benefits derived from the underlying asset, which is distinct from the asset itself.

On question 12, the task force had no comments.

On question 13, the task force recommended an additional question to provide further clarity, and Mr. Perry agreed with this suggestion.

Mr. Perry asked the task force if anything was missed in this section. They reviewed the consolidated analysis of task force identified implementation question candidates (Attachment 3) and determined that everything had been addressed or identified to be a candidate to potentially be included on an omnibus or interpretation project.

At the conclusion of the discussion, Mr. Perry thanked the task force for their comments and for their help reconciling the outstanding issues.

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Next Steps (Agenda Item #3)

Next Topic Areas (Projected)

Mr. Perry indicated that the next topic areas to be addressed will be Lease Term; Short-Term Leases; Contracts or Agreements that Transfer Ownership; and Intragovernmental Leases.

FASAB February Board Meeting

Mr. Perry reiterated that task force members are invited to call in or attend the February 26th-27th FASAB Board meeting. The Board will be discussing the comment letters received on the two-year deferral at this time.

AAPC May Meeting

The next AAPC meeting is scheduled for May 7, 2020. The AAPC will consider the working draft of the implementation guidance for all sections completed at that point.

Next Steps

Mr. Perry stated that he and Ms. Dewhirst will:

- a. Continue drafting the next bundle of questions and answers.
- b. Follow up directly with task force members to obtain clarification as needed.
- c. Be in contact with task force members on the software licenses working group.
- d. Continue to discuss implementation issues one-on-one with task force representatives—in-person, over the phone, and electronically—in the coming weeks

Task force members will continue to communicate implementation issues to Mr. Perry as they are identified.

Adjournment

Mr. Perry thanked the task force for a productive meeting.

The meeting adjourned at about 3:20 PM.

The next task force meeting will be Tuesday, March 31st, at 1:30 PM via WebEx and teleconference.