

Exposure Draft Questions for Respondents (QFR) and Specific Matters for Comment (SMC)

Due: February 5, 2021

Implementation Guidance for Leases & Omnibus Amendments to Leases-Related Topics

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

| | | |
|-----------------------------------|-------------------------------------|---------------------------------|
| Accounting Firm | <input type="checkbox"/> | |
| Federal Entity (user) | <input type="checkbox"/> | |
| Federal Entity (preparer) | <input type="checkbox"/> | |
| Federal Entity (auditor) | <input type="checkbox"/> | |
| Federal Entity (other) | <input type="checkbox"/> | If other, please specify: _____ |
| Association/Industry Organization | <input checked="" type="checkbox"/> | |
| Nonprofit organization/Foundation | <input type="checkbox"/> | |
| Other | <input type="checkbox"/> | If other, please specify: _____ |
| Individual | <input type="checkbox"/> | |

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

QFR 1 Do you generally support the proposed Statement and TR proposals as a whole?
YES

Please provide reasons for your views. **The primary objective of placing more appropriate accounting on leases was because entities were focusing on keeping long term needed items off their balance sheets ... so much so, use cost became unreasonable, but not transparent to management and other stakeholders. Ultimately those who paid were harmed. Generally property owned without debt reduces overall ownership/use cost. Perpetual leasing property for long term needs generally results in unreasonable cost.**

Proper and transparent accounting is better for decision making.

QFR 2 Are there specific aspects of the proposed Statement and/or TR that you disagree with? If so, please explain the reasons for your positions, the paragraph number(s), and/or topic area(s) of the proposals that are related to your positions, and any alternatives you propose and the authoritative basis for such alternatives.
NO

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Addressing intangibles, such as software, separately is a good approach but needs to occur.

QFR 3 Are you aware of any implementation issues that are not addressed in the proposed Statement and/or TR? Do any ambiguous areas remain that could lead to challenges with implementing SFFAS 54 requirements? If so, please provide examples of the issues and any references to applicable guidance, and/or topic area(s) related to the issues, and any potential solutions you propose.

NO. It may be worthwhile to create a tool that minimizes errors and maximizes consistency. Some form of a decision tree would probably work. The area is complex and not suitable for beginners or those not familiar with advanced accounting concepts and standards.

All the examples help – getting this right will take substantial training for those writing and approving leases.

Suggest a Government standard lease agreement to reduce variation. This form would should be in alignment with the proper accounting treatment.

Suggest a standard lease / purchase form that justifies the lease or purchase. Leases should generally be discouraged for long-term needs. There are exceptions. Leases are frequently a financing agreement a much higher interest rate than the Government's borrowing rate.

QFR 4 Are there specific aspects of these proposals that you favor or otherwise wish to provide comments on?

This is exceptionally good work for those who worked on the document, it is clear and comprehensive.

SMC 1 Is the proposed guidance under paragraph 4 of the proposed TR applicable to federal lease scenarios to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

No Comment

SMC 2 Please provide feedback regarding the usefulness of the proposed guidance under paragraph 13 of the proposed TR and/or the extent to which you believe the proposed guidance addresses implementation issues related to federal oil and gas leases. Please describe any alternative views or suggestions for improvement.

No Comment

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SMC 3 Is the proposed guidance under paragraph 95 of the proposed TR potentially applicable to intragovernmental transactions that are similar to a sale-leaseback to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

No Comment

SMC 4 Is the proposed guidance under paragraph 98 of the proposed TR applicable to existing and/or potential intragovernmental lease-leaseback transactions to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

No Comment