

July 8, 2022

Ms. Monica R. Valentine
Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW, Suite 1155
Washington, DC 20548

Dear Ms. Valentine:

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB or "the Board") Exposure Draft (ED) of the proposed Statement of Federal Financial Accounting Standards (SFFAS), *Omnibus Amendments: Technical Clarifications Addressing Lessee and Lessor Discount Rates and Sale-leasebacks*.

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 20 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views.

Our responses to the ED questions are listed below. Where applicable, proposed language revisions have been provided with added text underscored and deleted text ~~struck through~~.

Q1. Do you agree or disagree with the proposed amendments to address discounting lease liabilities and receivables, as reflected in paragraphs 3-7 (amending par. 42, 47-48, and 59 of SFFAS 54), and the Board's basis for such proposals? Please provide the rationale for your answer.

A1. We generally agree with providing additional guidance to address discounting lease liabilities and receivables. However, we have the following comments:

- The proposed amendments in paragraphs 42A and 59A may cause confusion and lead to inconsistent application because it is not clear what circumstances would lead reporting entities to use recent marketable Treasury securities rate or historical average rate instead of marketable Treasury securities rate with similar maturity to the lease term at lease inception.

We recommend that the Board consider either clarifying this guidance or removing paragraphs 42A and 59A and incorporating the following revisions into paragraphs 42 and 59:

"42. The future lease payments should be discounted using the interest rate the lessor charges the lessee. If the interest rate is not stated in the lease, the interest rate should be based on marketable Treasury securities with similar maturity to the end of the lease term at lease inception (or the date the liability is updated)."

"59. The future lease payments to be received should be discounted using the rate the lessor charges the lessee. If the interest rate is not stated in the lease, the interest rate should be based on marketable

Treasury securities with similar maturity to the end of the lease term at lease inception (or the date the liability is updated).”

- We recommend that paragraphs 42B, 42C, 59B, and 59C be moved to Technical Release No. 20, *Implementation Guidance for Leases*. While the information in these paragraphs is useful guidance to reporting entities during implementation, the ED is intended to provide principle-based requirements on the discount rate to be used.

Q2. **Do you agree or disagree with the proposed amendments to clarify the applicability of paragraphs 89-92 of SFFAS 54 to intragovernmental sale-leasebacks and the disclosure requirements applicable to them, as reflected in paragraphs 8-9, and the Board’s basis for such proposals? Please provide the rationale for your answer.**

A2. We agree with the proposed amendments for the reasons stated by the Board.

This comment letter was reviewed by the members of FISC, and represents the consensus views of our members.