

GAAP Note X – Leases (Lessors)

Per GASB 87, *Leases*, a **lessor** should disclose the following about its lease activities (which may be grouped for purposes of disclosure), other than short-term leases and certain regulated leases:

1. A general description of its leasing arrangements, including the basis, terms, and conditions on which any variable payments not included in the measurement of the lease receivable are determined.
2. The total amount of inflows of resources (for example, lease revenue, interest revenue, and any other lease-related inflows) recognized in the reporting period from leases, if that amount cannot be determined based on the amounts displayed on the face of the financial statements.
3. The amount of inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of the lease receivable, including inflows of resources related to residual value guarantees and termination penalties.
4. The existence, terms, and conditions of options by the lessee to terminate the lease or abate payments if the lessor government has issued debt for which the principal and interest payments are secured by the lease payments.
5. A lessor also should provide relevant disclosures for the following transactions, if applicable:
 - a. Leases of assets that are investments (see paragraph 41)
 - b. Certain regulated leases (see paragraph 60)
 - c. Sublease transactions (see paragraph 81)
 - d. Sale-leaseback transactions (see paragraph 85)
 - e. Lease-leaseback transactions (see paragraph 87).
6. In addition to the disclosures above, if a lessor's principal ongoing operations consist of leasing assets to other entities, the government should disclose a schedule of future payments that are included in the measurement of the lease receivable, showing principal and interest separately, for each of the five subsequent fiscal years and in five-year increments thereafter.

Example:

As of December 31, 2020, future lease receivable principal and interest payments are as follows:

Year ended December 31	Principal	Interest	Total
2021	\$	\$	\$
2022	\$	\$	\$
2023	\$	\$	\$
2024	\$	\$	\$
2025	\$	\$	\$
2026-2030	\$	\$	\$
2031-2035	\$	\$	\$
Total	\$	\$	\$

7. A lessor with one or more regulated leases, as described in paragraphs 42 and 43, should disclose the following about those lease activities (which may be grouped for purposes of disclosure), other than short-term leases:
 - a. A general description of its agreements.
 - b. The extent to which capital assets are subject to preferential or exclusive use by counterparties under agreements, by major class of assets and by major counterparty.

- c. The total amount of inflows of resources (for example, lease revenue, interest revenue, and any other lease-related inflows) recognized in the reporting period from these agreements, if that amount cannot be determined based on the amounts displayed on the face of the financial statements.
 - d. A schedule of expected future minimum payments under these agreements for each of the subsequent five years and in five-year increments thereafter.
 - e. The amount of inflows of resources recognized in the reporting period for variable payments not included in expected future minimum payments.
8. The existence, terms, and conditions of options by the lessee to terminate the lease or abate lease payments if the lessor government has issued debt for which the principal and interest payments are secured by the lease payments.

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